

# Credit

AND FINANCIAL MANAGEMENT

BUSINESS ADMINISTRATION  
LIBRARY

MAY 13 1939

"N.A.C.M. DAY"  
JUNE 19

★ **Grand Rapids,  
Michigan**

"N.A.C.M. DAY"  
AUGUST 24

MAY  
1939

**44th N.A.C.M. Credit Congress, June 11-15**

Do Something About Taxes!

See Page 24

# From Fair to Fair

1853 **ON THE FAIRWAY OF TIME** 1939



**N**EW YORK'S first World's Fair, in 1853, was housed in the Crystal Palace in Bryant Park at the rear of the old reservoir where the New York Public Library now stands.

Flanked by the Latting observation tower, this structure with its 'perispheric' dome projected a promise of things to come that the new New York World's Fair more than fulfills in its demonstration of human progress during the past eighty-six years. The factor of security afforded by sound stock fire insurance contributed in no small measure to the uninterrupted pace of this progress down the fairway of time. Since its founding in 1853 The Home Insurance Company, through the



recognition of its progressiveness and financial soundness by property owners of the nation, has become the

leading insurer of American homes and the homes of American industry. As the new World's Fair prophesies of things yet to come, so does this institution anticipate the opportunity for still greater service to the insuring public. The Company has established headquarters in "The Home of The Home of New York"—Home No. 19 in The Town of Tomorrow at the 1939 New York World's Fair. The main offices of the Company are at 59 Maiden Lane, New York.

*The* **HOME** INSURANCE  
COMPANY  
NEW YORK

★ ★ ★  
The Home, through its agents and brokers, is America's leading insurance protector of American Homes and the Homes of American Industry.

# "A new car please..."



## but at no profit to you, of course."

AS a dealer, you are familiar with the customer who wants to eliminate every middleman's profit—except his own. Your profit is the payment you receive for management, sales, and service costs in your establishment. Cut these out and automotive progress would be in a permanent Model "T" stage. Fortunately, most customers know this. And they know that the automotive industry provides the peak demonstration of American efficiency and economy. So the great majority gladly buys through you knowing that your small profit is returned to them many times over in service, convenience, and security.

When the automobile dealer buys insurance from the experienced agent or broker of a stock insurance company, he does not say "\$50.00 worth of

insurance, please." He asks for and gets the advice and full services of an expert purchasing agent in the complex insurance field, like himself an expert middleman. No worries about uncovered risks that might wreck a business.

\* \* \*

Because we believe so thoroughly in the services of an expert middleman whether automobile dealer, service station, or insurance agent or broker, we refuse to accept business direct because it is not in the interests of the Company or the assured to do so. When you buy National Surety Fidelity Bonds, Surety Bonds, Burglary or Forgery Insurance through your local insurance agent, you deal with a customer and friend who is a fellow member and supporter of the American Business System.

---

● This is a reprint of an advertisement of a stock-insurance company directed to the independent business men in the automotive field in your city.

---

## NATIONAL SURETY CORPORATION

VINCENT CULLEN, *President*

---

*When writing to advertisers please mention Credit & Financial Management*



# Credit

## AND FINANCIAL MANAGEMENT

### Contents for May, 1939

Why Bench Casey?, .....	Henry H. Heimann.....	4
Sign on the Dotted Line.....	E. B. Gausby.....	6
Legal End of Dotted Line.....	William C. Porth.....	9
Benefits of Statement Analysis.....	A. T. Woodward.....	12
Host City for Credit Congress-III.....	James S. Hitchcock.....	16
Credit Information from Banks.....	O. P. Decker Paul G. Raymond.....	20
Do Something About Taxes.....	John L. Redmond.....	24
Are Installment Practices Right?.....	Dr. Albert Haring.....	26
Let's See the Record.....	P. J. Wedge.....	30
Members' Bulletin.....		33
News About Credit Matters.....		37
Programs of Group Sessions.....	Charles F. Anderson.....	44
Credit Congress Committee List.....		47
Review of Wholesaling in 1938.....	J. Harold Stehman.....	50
The Business Thermometer.....		53

*Manufacturers' Sales, Collections and Accounts Receivable*

*Wholesalers' Sales, Collections, Accounts Receivable and Inventories*

*Cover Design: Eduard Naumann.*

**Official Publication of the National Association of Credit Men**

One Park Avenue, New York, N. Y.

1309 Noble Street, Philadelphia, Pa.

**Richard G. Tobin**  
Editor and Manager

**Paul Haase**  
Associate Editor

**Clifford T. Rogers**  
Advertising Manager

**ESTABLISHED 1898**

**VOLUME 41, No. 5**

Published on the fifth of each month by the National Association of Credit Men, 1309 Noble Street, Philadelphia, Pennsylvania. Entered as second class matter December 22, 1933, at the Post Office at Philadelphia, Pa., under the Act of March 3, 1879. Subscription price, \$3.00 per year, 25c per copy; Canada, \$3.50; all other countries, \$4.00 postpaid. Copyright, 1939, National Association of Credit Men. The National Association of Credit Men is responsible only for official Association statements and announcements printed herein.



# Announcement

Members and friends of the National Association of Credit Men have expressed a desire for copies of the articles and addresses of our Executive Manager, Henry H. Heimann. The National Board of Directors took action on these requests at the annual meeting in January and voted to publish Mr. Heimann's writings and utterances in book form.

Hence this announcement of the publication on May 15th of

## America's Balance Sheet

A Syllabus of Economic Thought

By Henry H. Heimann, Executive Manager,  
National Association of Credit Men

The table of contents shown on the right indicates the broad range of discussions presented. The title is quite descriptive as Mr. Heimann's Book discusses Our Assets—Our Liabilities—Our Future Progress.

To many this volume will be much more than "just another book for the shelf"—as *America's Balance Sheet* will represent to them a deep sentiment for the traditions and declarations of the National Association of Credit Men as expressed by their Executive Manager.

*America's Balance Sheet* will be ready for distribution on May 15th. The published price will be \$3 but those who send their order before the publication date will be given a special price of \$2.50.

*Those sending check with order will receive an Autographed Copy from a specially numbered edition on which the name of the purchaser also will be inscribed.*

### CONTENTS:

1. Stop! Look! Listen!
2. Peace Insurance
3. Soak the Rich!
4. Democracy is Worth a Price
5. The Case of the Unbalanced Federal Budget
6. One or Forty-eight?
7. Foundations
8. Squaring-up
9. Getting Your Money's Worth
10. Why Bench Casey?
11. Life Begins at 40 Billions
12. As Others See Us
13. Installment Selling; Business Villain or Benefactor?
14. In the Public Interest
15. Big Business *Has* a Soul
16. Business and Public Opinion
17. Consumer Co-ops
18. That Extra 10 Per Cent
19. As Good as Money
20. This Thing Called Credit
21. Uncle Sam or Uncle Santa?
22. What Makes a Good Credit Manager?
23. B. A. Morley's Promotion
24. Hard Cash for Hard Times
25. A Cross of Silver
26. Silver Threads Among the Gold
27. Banking Boomerang
28. Banking Biology
29. Regulation by Education
30. The Little White Ball
31. Taxing "Tax-exempts"
32. Tomorrow's Leaders
33. Let There Be Labor Peace
34. The Fat of the Land
35. The Great American Ash-can
36. Seeing Ourselves
37. America's Balance Sheet
38. Faith

### SEND THIS COUPON FOR YOUR AUTOGRAPHED COPY

Publications Dept., N.A.C.M.  
One Park Avenue, New York City.

Please send me an Autographed Copy of Mr. Heimann's new Book *America's Balance Sheet*. I enclose check for \$2.50 to pay all charges.

Name.....

Address.....

City.....

State.....

## Why Bench Casey?

**C**asey had a high batting average. The hopes of the assembled throng were high when he stepped to the plate. But there was no joy in Mudville for mighty Casey struck out. And Casey was immortalized in a poem, not for the many occasions when he didn't strike out but for the one crucial occasion when he did.

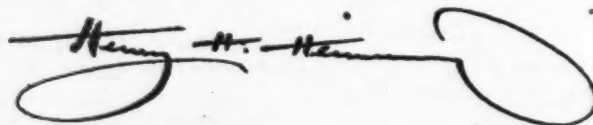
But although the disappointment was keen, that one strike-out did not mean that Casey should be benched. His general record in the past proved that day in and day out he could "produce the goods."

For over a century, certain programs in this nation helped bring us a high standard of living. Refined from time to time as they needed to be to meet changing conditions, these programs deviated little from certain fundamental economic principles that had been time-tested through the ages. Late in the twenties the programs seemed to have failed. That this was due largely to such fundamental causes as the after-effects of a world war, and a measure of short-sighted selfishness by most of our people, was overlooked.

Was it logical to condemn the past programs because on this particular occasion they failed? Was everything wrong because our over-ambitious expectations were not fulfilled? Previous disappointments had not caused wholesale abandonment of our economic programs. Instead they had been adapted to meet changing conditions.

So should we shape our present national policies. Leadership develops as much from recognition of past mistakes as from any other factor. Before abandoning everything that has been done in the past and intolerantly assuming that a bad situation in the late twenties automatically condemned an entire system, let us consider carefully whether the new programs can really produce more than rainbow-colored promises.

The fundamentals of our former programs were tried and proven on many occasions, found wanting on only a few. Let's give these time-tested principles the chance to do the work that they have generally done so successfully in the past.



Executive Manager, N.A.C.M.

# Telephone and Know

before  
you  
go



Next time you plan an out-of-town trip, pick up your telephone, before you pick up your handbag. Use Long Distance to arrange definite appointments with the men you want to see.

They will be better prepared for your visit—and so will you. You'll accomplish more in each interview. And you'll save yourself long hours of waiting for prospects who are busy, or customers who are away.

Long Distance appointments prevent disappointments—and much more than repay the little they cost!

## HERE'S HOW LITTLE IT COSTS TO TELEPHONE!

BETWEEN THESE POINTS	DAY except SUNDAY*	NIGHT and SUNDAY*
Cincinnati, Ohio Louisville, Ky.	\$ .50	\$ .35
Philadelphia, Pa. Boston, Mass.	1.00	.60
Chicago, Ill. Minneapolis, Minn.	1.20	.75
Los Angeles, Calif. Salt Lake City, Utah	1.75	1.05
Indianapolis, Ind. New York, N. Y.	1.95	1.20

\*3-minute station-to-station rates. Reduced rates run from 7 P.M. to 4:30 A.M. every night and all day Sunday.



When writing to advertisers please mention *Credit & Financial Management*



# Sign on the Dotted Line!

## Why We Collect Autographs

By E. B. Gausby, the Warner & Swasey Co., Cleveland

**A**utograph collecting is really nothing new, because we can look back in history several hundred years and see the beginnings of this practice. As early as the 16th century, interest in this was rather widespread because during that period some enterprising individual got out what we would now call a small notebook, to sell to travelers, who carried this book with them on their pilgrimages in order to collect the autographs of famous people visited or chanced upon during the trip.

Aside from the personal interest in this practice, the historical value of documents written by leaders of the times necessitated their collection and preservation, and no small part of our knowledge of various activities during these earlier periods of history is based on such letters and writings.

Today the personal interest in autograph collecting is greater than ever before. As a hobby it gives many people pleasure and, in some cases at least, profit. A regular trade is carried on through established brokers who handle the buying, selling, and trading of this commodity. In this connection, I am told that the main interest of collectors today is in the signature rather than the whole letter or document, because of the widespread use of printing and the typewriter for all but the actual signature.

### *Law Started in 1676*

Quite early there also developed a definite requirement for written and signed evidence of certain promises relative to transfers of property, if such contracts were to be recognized as enforceable at law. I refer to the Statute of Frauds which had its inception in an old English statute of 1676, designed to prevent fraud and to place the proof of important transactions on a firmer basis than one of straight unsupported oral evidence from the memory of witnesses.

Today we find our legal obligations along this line greatly increased, because there are now many more types of contracts which must be reduced to writing and properly executed if we are to have the benefit of court protection in case of dispute reaching the point of legal action. While the provisions of that body of laws known as Statute of Frauds vary in the different States, they are substantially the same throughout the country, and as you know, rather generally require written contracts on real estate transactions, agreements to answer for the debt of another, contracts involving sums beyond a specified amount, etc. Thus we find a wide range of contracts and agreements that, because of public policy, must be in

writing to maintain legal action, and while there are no positive enforcement provisions, the negative ones provided serve equally well for most practical purposes.

### *Other Needs for Signatures*

At this point it seems that we can properly ask ourselves, "Is it not reasonable to assume that there are many other types of promises and agreements, aside from those required by law to be written, which we should get down in black and white with an autograph at the end?"

While it is impossible to generalize accurately in such a discussion, nevertheless the added types of transactions on which we should require or attempt to secure autographs fall rather naturally into three classifications: first, to avoid misunderstanding; second, to assist in the collection procedure; third, to give added security. You can immediately appreciate the rather flexible groupings I have used, for quite often one signed agreement may embody and serve purposes falling under all three classifications. Again, approximately the same agreement can be used in different transactions to serve different purposes. The principal point to keep in mind, though, is the purpose for which a particular agreement or contract is made so that you can be most certain that the form used quite definitely and completely gives you the security you want, prevents any but a wilful misunderstanding, or makes somewhat easier your collection procedure.

### *Agreements With Personnel*

First, let us look at those agreements which we require in writing to avoid misunderstanding. Our employment office has always used an application blank requiring a signature. This has the tendency to impress on the applicant the necessity for correct information as well as signifying his acceptance of certain conditions under which he might be employed. This office has also always used the usual form of written agreement when hiring designers, research men, etc. covering the right of ownership and use of any improvements, patents, etc. developed during their course of employment. Today, because of new laws, both State and Federal, additional forms are used requiring signature. These are—separate time card for salaried people not exempt under Wages & Hours Law; separate time card for hourly rate employees in addition to the regular clock card, covering any lost time because of sickness, leaving work early, etc.; reinstatement card if offer of reemployment not accepted; termination of employment card.

The Purchasing Department of course uses written and signed forms for all orders placed. In addition, separate

contracts are used on any standing commitment which runs over a period of time. This is true not only on purchases of materials and supplies of different kinds, but also on dealer or distributor discount arrangements, agreements, etc. All quotations or bids on everything but fixed price material must be in writing, and must also contain performance or production guarantees on material purchased.

**Orders for Special Work**

Now let us look at the requirements of our Sales and Credit Departments. All orders for machines must be in writing, and the written order received before shipment is made or special work started. In our case this is primarily not a Credit Department requirement, except in the case of special tooling, but is enforced in order that we can be certain that all technical details are clear and understandable to all parties so that the equipment as shipped will be exactly as desired by the customer. Certified blue-prints, rather than regular unsigned prints, are required on special or semi-special equipment built to customer specifications, before any but the most preliminary work is started. The orders are carefully checked, and if changes are necessary in prices, terms, guarantees, or if there are later additions or supplements, written confirmation of some kind is required from the customer on any but very minor or unimportant points. Even here we write relative to minor changes with a request for immediate reply if the new changes in the order are not clear or are not acceptable, thereby receiving somewhat of a written confirmation, even though in the negative sense.

**Signed Delivery Receipts**

Our shipping room has little trouble or routine relative to delivery receipts because our terms of sale do not cover delivery to our customer's plant. Consequently, for the most part it is only necessary to secure the usual signed railroad, express, or truck bills-of-lading. On machine deliveries in the city and in pick-ups at our plant we of course secure a signed delivery receipt.

Undoubtedly there are other contracts falling under this classification which we require and use in our usual routine. One that comes to mind now is the contract used by our Sales Department in setting up their foreign dealer and agency agreements. For the most part, though, I believe that I have touched on those most commonly used in our work.

Under the second grouping, namely those written agreements or instruments used as assistance in the collection procedure, perhaps the first one that comes to

mind is the note. Whether or not you commonly use notes or whether you use them only occasionally, there are certain points to watch for. You should be sure to remember that you have no additional security other than you already possess in the open account transaction. You do have, though, an acknowledged debt for a stated amount, and action can be maintained on the note itself rather than having to submit and prove numerous invoices on material shipped at different times. You have a definite maturity agreed to, and can more easily secure the payment of interest on extra time taken beyond your regular terms of sale.

**Note Aids Collection**

Collection on the due date is usually easier, especially if you forward the notes for collection through a bank specified by your customer. Some States permit the use of judgment notes which provide a rather simple method of securing judgment in case of default. In making up the notes, be sure they are in negotiable form; that you use the judgment feature where possible; watch out for those States having intangible stamp tax laws which affect your rights if the tax has not been paid; decide whether you want to and whether you can use the attorney fee clause allowed in some States; check the interest rate for possible usury; and finally be most certain that the person executing the note or notes has the proper authority for so doing.

About the same points can be made relative to the use of trade acceptances so that no further comment will be made on this rather similar instrument except to mention that your choice between the use of notes or acceptances will probably be determined by custom in the trade or industry in which you and your customer operate.

Assignments, both on present receivables and on new orders which ultimately result in receivables, are placed in this classification. Notification to your customer's debtor or impoundment of incoming funds with a trustee is usually necessary to have security under such an arrangement, and when such steps are taken you do have real extra security. However, many so-called assignments are taken without following the proper legal steps, and as such, can be considered only as a moral obligation to take care of your account from certain incoming funds as they are received.

**Legal Right to Endorse**

The matter of endorsers has also been placed in this grouping. One often secures the endorsement of a third party without learning whether or not they have the legal right to endorse, and without full and complete knowledge as to the worth of the endorser in case of non-per-

**Taxes and the Weather**

We are all inclined to talk a lot about both the weather and taxation and not do very much about either. We can't do much about the weather but we can do something about our tax problems. Read on page 24 of this issue what your association is doing about them.

This is a program which needs and deserves your full cooperation. It is designed to help you help yourself in the field of taxation. For further information write to Mr. C. F. Baldwin, Washington Representative of the National Association of Credit Men, 410 Munsey Building, Washington, D. C.



formance by the original party. You must also be certain that consideration can be shown for the endorsement. In such cases you should consider the endorsement only as an aid in collection rather than as additional security in itself because all you may have in the end is the interest of an additional party that settlement of the obligation is made. In any case, protest or prompt notification should be given in case of non-performance so as not to relieve the endorser because of non-notification.

The subject of guarantors will not be covered in this article, nor the subject of consignments under which one can include floor plan contracts and warehousing agreements. Properly following correct legal procedure on these points will result in added security, but as a practical matter one quite often only goes through the motions and so should not fool himself by thinking that real security results.

Lease, bailment or rental agreements, that under strict analysis are just that and nothing more, are quite valid and afford excellent security. In all such agreements the ultimate return of the chattel is intended and provided for. However, the aim of most companies is the sale of their product rather than the rental of it. The result is that many of the so-called leasing or rental arrangements that are made are merely an attempted reservation of title during a period that partial payments against an agreed upon selling price are being made in the disguise of rent, with an ultimate objective of passing title when these payments have been completed. Such a contract is commonly known as a bailment lease, and in practically all States, excepting Pennsylvania, such contracts are construed by the courts as nothing more or less than a conditional sales contract which usually must be filed to be valid against third parties. Since one purpose of the bailment lease is to avoid filing, you do not have third party protection when using this type of contract.

#### *Necessary to Follow Laws*

Finally, under this classification come conditional sales contracts and chattel mortgages which have not been made up, executed, and filed exactly as called for in the law governing such instruments. It is true that you may have some added security in an unfiled mortgage as between the contracting parties, but the real risk is at the point when attaching creditors, trustees, receivers, or other third party interests step into the picture, and against these interests you have no security at all. In certain cases you may feel justified in following your customer's requests not to file the contract or in not insisting upon execution of certain affidavits as a part of the contract, but if you follow this or a similar illegal procedure you must be sure to remember that no real security results.

Now under the security classification of the outline, let us run over again certain autographed contracts or documents which we have generally classed as usually belonging in the "easier collection procedure" group, but which under certain conditions, of course, actually give added security. These are:

1. Assignments secured on your customer's receivables or orders which ultimately result in receivables; provided that proper notification is given, or proper arrangements made for the handling of the incoming funds by a trustee; provided that all details have been completed in strict accordance with the governing law on assignments; and

provided also that the thing assigned has or will have real and sufficient value to you.

2. One or more endorsers, provided proper consideration can be shown for the endorsement; <sup>(1)</sup> provided the endorser is capable of performance in case the original party fails; and provided that you commit no overt act or fail to act at the proper time with the resulting release of the endorser from the obligation.

3. Guarantors under certain conditions.

4. Consignment contracts under certain conditions.

5. Lease or rental agreements, provided that no change in title is called for or contemplated.

6. The bailment lease, provided it is for use within or under the laws of Pennsylvania.

7. Conditional sales contracts or chattel mortgages, provided that the form used, the execution and the filing requirements are properly taken care of.

Before getting into a detailed discussion of the chattel mortgage and the conditional sales contract, it might be well to mention briefly the legal theory and history back of the use of such agreements.

There are two kinds of possession possible with any inanimate object. One is physical possession, while the other is the right to possession. In most cases these two rights are vested in the same person, but often, as in the case of the chattel mortgage and the conditional sales contract, these separate rights are held by different persons. Regardless of the instrument used, physical possession usually passes to the buyer because your goods are shipped to him. Under the chattel mortgage the legal title also passes and in turn is handed back to the seller as security, only an equitable title remaining in the buyer. This is called the title theory in use in a small number of States. A majority of States, though, follow the lien theory whereby legal title passes to and stays with the buyer but subject to a lien passed back to the seller.

#### *When Title Does Not Pass*

You can see that in either case title actually passes. It is not so with a conditional sales contract. Here possession changes upon shipment but not the title, and title does not pass along to the buyer until certain conditions, usually the payment of a specified amount of money, have been completed.

The chattel mortgage was quite early recognized and provided for by statutory law, filing being required for protection against third parties. Because it was covered by specific laws, the chattel mortgage has, in the past at least, been a more reliable instrument to use because the result in case of trouble could be determined more accurately. Also the seller had greater security, for in case of default he could not only repossess but could also sue for a deficiency resulting from the transaction.

On the other hand, the conditional sales contract just grew, and was based on court decisions rather than statutory law. As a creature of the courts, the base on which this type of contract was founded was continually changing so that there was nothing settled or definite as to the outcome of any particular action involving a conditional sales contract. No filing was required, and in case of default the seller had to elect between re-taking the goods or suing for the purchase price. In more recent years, State legislatures have realized

(Cont'd on P. 42)

(1) See article on Legal Side of Dotted Line in this issue.



# Legal End of the Dotted Line

## Review of Requirements on Orders, Contracts

By William C. Porth, Associated with Gregory, Stewart & Montgomery,  
General Counsel, National Association of Credit Men

**C** Before launching into a discussion of the legal aspects of signatures it may be well to determine the meaning of the term "signature" or the meaning of "signing." Ordinarily we consider "signing" as the autographing of one's name on paper or other material that will take a writing, and such a meaning is supported by legal authority.<sup>1</sup> In this definition the term "autograph" is used as meaning "a specimen of an individual's writing." But strictly speaking "to sign" is to make any mark, sign, stamp, symbol or device together with the intention to thereby authenticate that upon which it is made.<sup>2</sup>

Most frequently the word sign is given the significance of the word subscribe. To subscribe is to place one's own signature or, to be consistent, to autograph one's name at the end of a writing or the bottom of an instrument.<sup>3</sup> The "signing" of an instrument as distinguished from "subscribing" may be at the top or in any other part of the instrument.

### Most Documents to Be Signed

In practice it will be found that most documents in general commercial use are subscribed although actually all that is necessary is a signing. In a New York case<sup>4</sup> involving the question of compliance with the statute of frauds it was held that the printed name of the seller on an order form might have been construed as a sufficient signature by the seller if the evidence had pointed to an intention of the seller to be bound thereby. There is a conflict of authority in the various states as to the validity of such a signature as a compliance with the statutes of fraud. In the securing of orders or the execution of contracts it is a simple and wise precaution to see that they are subscribed. Where the transaction comes within the statute of frauds it is a fatal error to accept a writing that is not subscribed where the statute calls for a subscription of the instrument instead of a signature.

Why insist upon having commercial documents signed or subscribed? Obviously this is frequently done to comply with some statutory enactment, be it the statute of frauds, a recording statute (particularly with reference to conditional sales contracts and chattel mortgages) or the negotiable instruments law. If such legislation does not affect a particular transaction, one may never-

theless insist upon the signature to an order, a contract which has been reduced to writing or other type of memorandum or instrument. The reason then is primarily one of proof.

### Some Oral Contracts Binding

A contract, though oral, is valid and binding upon the parties to it, in the absence of a statutory requirement for a writing and signature. But the contract, where oral, is subject to the tricks of memory, confusion and ambiguity, not to mention outright fraud. The agreement where reduced to writing, however, with certain exceptions not material here, admits of no alterations or additions. With the agreement reduced to writing the signatures now become necessary to identify the parties with the writing. The signature is placed there, our Courts say, to authenticate the writing and to indicate the intent that the signer be bound thereby.<sup>5</sup> Should proof of the contract be necessary in litigation it is effected by simply proving the signature of the party to be bound thereby. To avoid the implication of the signature it would thereafter be incumbent upon the party to show fraud, duress or such other facts as to indicate that the signature was not placed on the instrument with the intent to be bound thereby.

Let us assume that a party is approached by someone who requests his signature to a paper that is represented to be a petition for some civic purpose. If he signs the paper relying on this representation and it later appears that he has placed his name to a contract of some sort, of course the signature is not binding. In an action on the instrument he may overcome the presumption raised by the signature through proof of the fraud. If, unfortunately, he has been induced to sign a negotiable instrument an action on the instrument by the payee may be defeated but if the instrument comes into the hands of a holder in due course the provisions of the Uniform Negotiable Instruments Law<sup>6</sup> preclude the defense of fraud against the holder, unless the maker can show freedom from negligence.<sup>7</sup>

### Ignorance No Relief

In the absence of fraud, misrepresentation, undue influence or other facts which are shown to indicate that there was no intention to authenticate the writing, we

<sup>1</sup> Knox's Estate, 131 Pa. 220.

<sup>2</sup> In re Walker, 110 Cal. 387.

<sup>3</sup> Church v. Campbell, 48 La. Ann. 1543; U. S. Fidelity etc. Co. v. Siegmund, 87 Minn. 175.

<sup>4</sup> Terrell v. Commonwealth, 194 Ky. 608.

<sup>5</sup> Mesibov, Glin & Levy v. Cohen B. Mfg. Co., 245 N. Y. 305 (1927).

<sup>6</sup> Delaware Ins. Co. v. Penn. Fire Co., 126 Ga. 380, Boardman v. Spooner, 13 Allen (Mass.) 359.

<sup>7</sup> Section 57.

<sup>8</sup> Woodlawn Security Finance Corporation v. Doyle, 252 Ill. App. 68.

have a different situation. "It has often been held that when a party to a written contract accepts it as a contract he is bound by the stipulations and conditions expressed in it whether he reads them or not. Ignorance through negligence or inexcusable trustfulness will not relieve a party from his contract obligations. *He who signs or accepts a written contract, in the absence of fraud or other wrongful act on the part of another contracting party, is conclusively presumed to know its contents and to assent to them* and there can be no evidence for the jury as to his understanding of its terms."

At this point it may be well to consider for a moment the subject of acknowledgments. An acknowledgment in its legal sense is a formal declaration before an authorized public officer by a person who has executed an instrument that such instrument is his act and deed.<sup>9</sup> The word acknowledgment is also used to mean a certificate of acknowledgment which is often attached to documents of a formal nature.

In most of the states a particular form of acknowledgment is approved by statute and the acknowledgment should conform to the requirements of the particular state in which it is to be effective. Generally speaking the certificate of acknowledgment should contain the name of the state and county where the acknowledgment is made, the name of the person or persons making the acknowledgment, a statement to the effect that such persons were known to the officer and that they came before him and each acknowledged the signature on the instrument to be his own. This certificate must be subscribed by the public officer and should be followed by his official designation and seal or such other identification as may be required by the law of the state. It should be noted that in most cases the public officer's authority to take acknowledgments is limited to a certain jurisdiction such as a county or city and an acknowledgment taken without the jurisdiction is ineffectual.

#### **Acknowledgment Seldom Needed**

The acknowledgment is seldom called for in the ordinary contract. It is required, however, in the case of formal instruments such as deeds, leases and mortgages, generally by reason of a statute which requires the acknowledgment as a prerequisite to the filing or recording of the instrument. In the case of chattel mortgages and conditional bills of sale most of the states require either a certificate of acknowledgment or an attestation of the signatures of the parties by one or more witnesses.

The purpose of the certificate of acknowledgment is to make the instrument to which it is attached "self proving." As pointed out above, where a contract is in writing and signed, it is only necessary for the party who wishes to prove the contract on a trial to identify the signature of the parties to the contract. Where a certificate of acknowledgment appears on the instrument, however, the instrument will be received in evidence without further proof. Although, thereafter, the party whose name appears upon the certificate of acknowledgment, as having acknowledged the instrument, may introduce evidence to show that he did not in fact sign and acknowledge it, he must overcome the presumption of validity, which has been described as one of the strongest

in the law."

#### **Start of "Frauds" Statute**

In his Commentaries on English Law, Blackstone wrote that some agreements were deemed of so important a nature that they ought not to rest in verbal promise only, which could not be proved except by the memory (which will sometimes induce the perjury) of witnesses. And that to prevent this the English Parliament in 1676 enacted the statute entitled "An Act for Prevention of Frauds and Perjuries." Today there is a statute of frauds effective in all of our states, either by legislative enactment or as part of the common law in those states which adopted the English Statutes in force prior to 1776.

The sections of the original statute which we retain in our statutes<sup>10</sup> today and which are relevant to our subject are as follows:

No verbal promise shall be sufficient to base an action upon unless some note or memorandum of it shall be made in writing and signed by the party to be charged therewith.

1. Where one undertakes to answer for the debt, default, or miscarriage of another. (i. e., a contract of guaranty or suretyship.)
2. Where the contract is for the sale of real property or an interest therein.
3. Where the agreement is not to be performed within one year from the making thereof.

Under the original statute such contracts were void unless in writing but today the statutes generally provide that a failure to comply with the statute is a defense to be pleaded and that the defense may be waived.

#### **Several Other Restrictions**

The various states have placed additional types of contracts within the restrictions of the statute. In New York, for example, we have the following which must be in writing and signed by the party to be charged:

1. A Promise to pay a debt barred by the statute of limitations.
2. A Promise to pay a debt discharged in bankruptcy.
3. Agreement between debtor and creditor to extend time for payment of a debt where there is no consideration for the agreement.
4. Contracts for the sale of goods or choses in action of the value of fifty dollars or upwards unless the buyer accepts and receives a part of the goods, or pays part of the purchase price.

The fourth subdivision above will be found in a similar form in most of the states with the exception that the value of the goods to which the statute applies will vary in the several states.

Most litigation involving the statute of frauds, it will be found, is concerned with the sufficiency of the writing or memorandum, or with the question of whether or not there has been a receipt and acceptance of goods or a part payment of the purchase price. Frequent questions also arise as to whether or not the contract in question is for the sale of goods as distinguished from the performance of services. The question of the sufficiency of the signature is one which arises less frequently, and so it should be, for it is simple to comply with the statute by insisting

<sup>9</sup> Metzger v. Aetna Ins. Co. 227 N. Y. 411, 416 and cases cited therein.  
<sup>10</sup> Commercial Credit Corp. v. Carlson, 114 Conn. 514.

<sup>11</sup> Chaffee v. Hawkins, 89 Wash., 130.  
<sup>12</sup> See Credit Manual of Commercial Laws, 1939, pages 12-18.



that the contract be subscribed by the parties. If the statute requires only that the instrument be signed, the signature may be made in any manner in which a signature may lawfully be made; but the statute should be carefully examined before anything but a subscription is accepted.

#### **Conflict of Statutes**

Where the contract is made in one state and an action is to be brought on it in another state, a question of conflict of laws must be considered. Which statute of frauds must be complied with? The answer is often difficult and there is conflict among the authorities. As a general rule it may be stated that the law of the state where the action is brought will be controlling because of the fact that the statute affects the remedy (i. e., the enforceability of the contract) rather than its validity.<sup>18</sup> Where the statute of the state where the contract is made provides that the contract is void by reason of failure to comply with the statute of frauds the contract is void everywhere and cannot be sued upon in any state.<sup>19</sup> It is important, therefore, that the contract comply first with the law of the state where executed and thereafter it may be important to see that it conforms to the law of the state where a suit might have to be brought to enforce it.

A situation sometimes arises where one of the parties has signed a contract or memorandum, and the other has not. Where the law says that the signing must be by the party to be charged, the party who has signed the agreement will, in such case be bound, but the other party will not be bound.<sup>20</sup> In a few states, however, it is held that the words "the party charged" refer to the parties charged with performance of the contract and that it is unenforceable unless both parties sign.<sup>21</sup>

#### **Initials Sometimes Valid**

We have previously said that the signature may take many forms besides that of the customary autograph. It is a common practice to use initials or abbreviations of a name in signing and sometimes only the given name or only the surname is used. A valid signature may be made by any of these methods.<sup>22</sup> The signature may also be made by the use of a fictitious name or a firm name or the name of another. And as previously noted it may be made by use of any character, symbol, mark or other designation that a party wishes to adopt as his signature. The signature may be printed, stamped, typewritten, engraved, photographed or cut from one instrument and attached to another. It is imperative, of course, that it be placed on the instrument with the intent to authen-

ticate it. There is no requirement that a signature be made in pen and ink and if made by lead pencil it is equally valid.<sup>23</sup>

Where the party is unable to write, his signature may be made by means of a mark in the manner prescribed by statute or by the common law. And there is authority to the effect that a person may use a mark as a signature even though he is capable of writing, in the absence of a statute to the contrary.<sup>24</sup>

Where an instrument is to be signed by a person who is unable to write his name (and we assume he is unable to read), the instrument should be executed in the following manner:

It should be read to the illiterate and thereafter he should be asked whether he consents to be bound by such agreement. If the answer is in the affirmative, the illiterate should place an "X" upon the instrument and thereafter the illiterate's name should be written near the mark, and the signatures of two witnesses should be added to the instrument. The witnesses are required to autograph their names. It should be noted that the signature to the instrument is the mark and not the name that is signed thereto by

### **The N.A.C.M. Tax Survey**

**Read about the new tax survey of your Association on page 24 of this issue.**

**Join in this effort of your Association to present a concerted front on tax matters which affect credit conditions.**

**This is a job which will yield big returns to your company. It deserves your careful consideration.**

**Write to the Association's Washington Office, 410 Munsey Building, Washington, D. C., for a copy of the survey form. DO IT NOW.**

someone else.<sup>25</sup>

#### **Check Law on "Mark"**

It is not suggested that the above manner of signing by the use of a mark must be followed to comply with the necessary requirements in all states. In the absence of a statutory provision, a mark alone is sufficient even though not attested by a witness.<sup>26</sup> It will be found, however, that most states have statutory requirements on the subject which differ slightly, the principal difference being that in some states one witness is required and in others two are required. But if the instructions as outlined above are followed, the signature should comply with the requirements of any of the state laws. It is also held in some cases that where the mark is not attested in accordance with the requirements of the statute, the signature is validated by reason of the fact that the signer acknowledged his signature before a Notary Public or other officer empowered to take acknowledgements.<sup>27</sup>

A signature need not be made by the party himself but may be made by someone duly authorized by him. It is said in one case that one man may authorize another to sign a note or other paper for him by parol, whether he can write his name or not.<sup>28</sup> Not only may a party authorize another to make his signature, but he may also adopt a signature written by another in the absence of an authorization and he may (Continued on page 46)

<sup>18</sup> Buhl v. Stevens, 84 Fed. 922.

<sup>19</sup> Cochran v. Ward, 5 Ind. App. 295.

<sup>20</sup> Justice v. Lang, 42 N. Y. 493.

<sup>21</sup> Kerr v. Finch, 25 Idaho 32.

<sup>22</sup> Walker v. Walker, 175 Mass. 349.

<sup>23</sup> Porter v. Valentine, 18 Misc. 213.

<sup>24</sup> In re Guilfoyle, 96 Cal., 598.

<sup>25</sup> Conroy v. Bigg, 109 N. Y. S. 914.

<sup>26</sup> Bickley v. Keenan, 60 Ala., 293.

<sup>27</sup> Ward v. Starke, 91 Ark., 268; Hailey First National Bank v. Glenn, 10 Idaho, 224.

<sup>28</sup> State v. Abernethy, 190 N. C., 768.



# Benefits of Statement Analysis

## Practical Application of Comparative Figures

By A. T. Woodward, Assistant Secretary, United States  
Shoe Corporation, Cincinnati

Let me make it clear at the start that this is not a discussion of the mechanics of financial statement analysis. That subject, which, unfortunately, is considered a dry and uninteresting study by the great majority of commercial credit men, has been treated very fully in a number of very excellent books on the subject, and in shorter articles. As a matter of fact I was myself guilty of writing such an article, which appeared in the June 1937 issue of this publication.

It will be my purpose in this present article, rather, to point out from my own experience, some of the very gratifying and worth-while results that can come from a practical application of financial statement analysis to everyday commercial credit problems.

Too often the work of a credit department is evaluated by a negative yard stick. By that I mean the percentage of credit losses and the percentage of business rejected out of that submitted for approval. Now, of course, these are both measurements which should be applied to the credit department. But should we stop at that? Why shouldn't the constructive, trade-building efforts of the credit department be considered also as a true measure of its success and value?

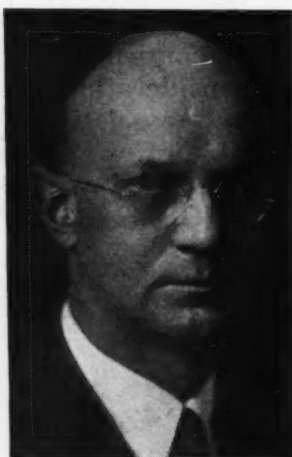
### *Job of Sales-Building*

The modern credit department is just as completely sales-minded as any other department in the business. If, by working with a customer, who at the start is a doubtful credit risk, the credit man is able, eventually, to develop that merchant into a valuable and substantial customer, then surely he has done a splendid job of sales building. In such cases the yard stick by which the credit department is evaluated should become a positive instead of a negative measure.

If a credit man is ambitious to become a developer of good will and a trade builder for his house, and incidentally, for himself, then there is no tool available to him that even compares with the ability to read and understand the complete story that the financial statement reveals. If, added to that ability to read and understand, he also possesses the courage and tact to pass what he reads on to the customer, for his guidance, then indeed he has become a builder.

In the particular field in which I am employed, and

undoubtedly in very many other fields, it is true, that many of the retailers lack a complete business training. Most of them have been retail salesmen or buyers and possess a highly developed sales ability. They fail to understand some of the things, other than sales, that are so essential to the proper conduct of any business. They do not appreciate the importance of certain checks and balances that must be maintained. They often lack an understanding of the limitations and dangers of credit.



### *Professional Service to Customer*

As the training of the modern credit man brings him into daily contact with these very things, which so many customers of the house, and the salesmen too, for that matter, do not understand, he has a grand opportunity to render professional service to the customer and to gain his confidence and good will.

To make the most of this grand opportunity for constructive work, the credit man must prepare himself, just as other professional men like the doctor, the lawyer and the architect prepare themselves for service. A thorough understanding of the subject of statement analysis and the application of its principles, are just as vital to the thorough credit man as are a complete knowledge of anatomy and medicine to the doctor.

It has been my own invariable experience that the customer to whom I have made suggestions, as a result of an analysis of his financial figures, has come to appreciate those suggestions, and in numerous cases to benefit from them. I will grant that, very rarely, a dealer may be inclined, at first, to resent such an active interest in his affairs by an outsider. However, in such cases I do not permit the matter to drop. I feel then, that I have a real job of selling to do, and so I keep after it in as tactful a manner as possible until eventually the customer begins to understand that I am not merely a busy-body, but that I am conscientiously and sincerely trying to help him.

Our credit files are full of cases where financial statement analysis has enabled us to help dealers to become better merchants and better customers, and where appreciation of that help is freely expressed. There are many others where we have been able to continue with

customers who were "skating on thin ice" and to eventually see those customers emerge from their embarrassment and become successful merchants and valued customers.

#### Shows Where Ice Is Thin

By our study of financial statements, which are set up side by side as illustrated in this article, we are able to see and understand where the "ice is thinnest," and to know how far to go; and often to steer the customer away from the danger spots.

I have had credit men say to me that they wouldn't have time to go into statement analysis. Now, of course, it isn't necessary in a great majority of cases. Where a merchant is successfully established, it would be foolish to take the time to thoroughly analyze the statement on paper. A visual comparison of vital relationships is sufficient. But where there is an unusual amount involved, or where the situation is evidently not as well balanced as it should be, then surely any time spent on that case, if a customer can be made or developed, is well spent. The salesman probably spent many hours, perhaps days, getting the order, so why shouldn't the credit man be willing to give as much of his time as may be necessary to determine intelligently and thoroughly whether that customer offers an opportunity for development?

To better illustrate what I am trying to say, I am going to take two cases from our own credit files. The figures which I will quote are actual, absolutely not changed in any respect. They are used with the consent of the customers whose stories they present.

By way of explanation I wish to say that financial statement analysis depends for its effectiveness upon a comparison of important relationships or balances, conveniently expressed in ratios, with former statements of that individual business, or with a standard for that particular type of business, or both. For your convenience, therefore, I will show in each of the cases used herein, a standard or typical set of ratios for that type of business. These will appear in the lower left corner of the illustrations.

#### 18 Semi-Annual Statements

Case A is the very interesting story of an individually owned and operated retail shoe business. The owner had started in 1922 as the lessee of a shoe department in a western city. In other words he owned the shoe department in a leading department store. He later acquired a second leased shoe department in the same city, in another fine department store. My firm first sold him in

#### Case "A"

	12/31 1930	12/31 1934	12/31 1935	12/31 1936	12/31 1937	12/31 1938
<b>ASSETS</b>						
Cash.....	742	622	987	726	414	714
Cash Receivable.....	1,157	3,200	1,889	3,421	3,129	3,858
Accounts Receivable....				1,789	1,599	
Merchandise.....	32,131	37,793	59,114	64,596	45,578	31,826
<b>Current Assets.....</b>	<b>34,030</b>	<b>41,615</b>	<b>61,990</b>	<b>70,532</b>	<b>50,720</b>	<b>36,398</b>
Fixtures—Less Dep'r....	9,633	5,674	12,197	11,579	8,698	5,792
Deferred Charges.....	654	447	1,370	1,001	996	1,145
Cash Value Life Insurance.....				1,710		
<b>Total Assets.....</b>	<b>44,317</b>	<b>47,736</b>	<b>75,557</b>	<b>84,822</b>	<b>60,414</b>	<b>43,335</b>
<b>LIABILITIES</b>						
Accounts Payable.....	3,123	2,506	17,735	26,865	4,590	1,704
Notes Payable—Banks..	5,000	8,000	12,000	10,000	10,000	6,000
Notes Payable—Others..		1,884	2,006	108		
Accrued Expense.....	216	1,100	2,481	936	1,666	826
<b>Current Liabilities....</b>	<b>8,339</b>	<b>13,490</b>	<b>34,222</b>	<b>37,909</b>	<b>16,256</b>	<b>8,530</b>
F. H. A. Loan.....			4,480	2,693	447	
Insurance Loan.....				1,710		
<b>Total Liabilities.....</b>	<b>8,339</b>	<b>13,490</b>	<b>38,702</b>	<b>42,312</b>	<b>16,703</b>	<b>8,530</b>
<b>Net Worth.....</b>	<b>35,978</b>	<b>34,246</b>	<b>36,855</b>	<b>42,510</b>	<b>43,711</b>	<b>34,805</b>
<b>Annual Sales.....</b>	<b>151,355</b>		<b>151,245</b>	<b>*163,000</b>	<b>150,523</b>	<b>**93,773</b>
<b>Annual Expense.....</b>			<b>64,175</b>	<b>*64,385</b>	<b>53,049</b>	
<b>Fire Insurance.....</b>	<b>Full</b>	<b>Full</b>	<b>Full</b>	<b>Full</b>	<b>Full</b>	<b>Full</b>
<b>RATIOS</b>						
	Typical					
Current Ratio.....	300	407	309	186	314	427
Worth—Debt.....	325	432	254	95	100	262
Worth—Fixed Assets.....	1,250	373	603	301	368	540
Sales—Fixed Assets.....	4,000	1,572		1,287	1,539	1,770
Sales—Merchandise.....	375	461		256	252	340
Sales—Receivables.....	—	—	—	—	—	—
Sales—Current Debt.....	1,000	1,817	395	429	955	1,098
Sales—Worth.....	400	421	410	383	355	269
Expense Percentage.....	32.6		42.4	39.5	34.2	
*Estimated from actual for eleven months.						
**Sales for two present departments only.						

1926, since which time I have maintained a comparative analysis sheet of his financial statements. My sheet actually contains eighteen annual or semi-annual statements, from which the above six have been selected to illustrate this case.

It should be explained that when shoe departments are leased out by department stores, it is customary for the store to handle the cash, also to handle and guarantee all charge accounts, and to remit in full to the lessee for all sales in full on the tenth of the following month.

From a small beginning this merchant had developed a profitable and well balanced business, which reached a sales volume in 1930 of over \$150,000 and showed a net worth at the end of the year of nearly \$36,000 against a debt of only \$8,339. During the depression years from 1931 through 1934 he was able to hold his own fairly well in spite of a sharp falling off in sales. I do not have his sales figures for 1934, but in 1933 sales had declined to just a little over \$100,000, or a drop of nearly 33% from 1930. Meanwhile his merchandise and his indebtedness had both increased considerably, but were not particularly out of balance. His net worth had just about held its own.

#### Sought Bigger Volume

In 1935, this merchant, evidently anxious to stop the steady decline in sales, opened three new branch stores



in nearby cities. These were not leased departments, but exclusive shoe stores, in which he had to make a considerable fixture investment, as well as supply the merchandise. He apparently took this step without realizing the limitations of his credit and the dangers of too rapid expansion.

When we received his figures at the end of 1935, as shown above, I wrote him a long letter, pointing out the dangers of his position. I will quote one paragraph to show the nature of my letter.

"To be perfectly frank with you, we are much concerned about your situation. Your business, until recently, has been in splendid condition, well balanced

figures as of November 30, 1936, as shown above. While he had increased sales and made a profit, he had still further increased his stock and his debt.

I again wrote him a long and friendly letter in which I told him, however, that until such time as he had improved his position, we would ship him only if the department stores in which he was located would permit us to ship and bill the shoes direct to them. This was agreed to, and for a year we shipped him only on the written confirmation of one of the department stores.

In spite of our stand he remained friendly. I met him in Chicago in January of 1937 and had a long and friendly talk with him. In the course of that talk I urged him to give some thought to closing some of his stores, or of securing some additional capital.

Perhaps our action in refusing to ship him on his unsupported credit had the effect of opening his eyes to his extended situation. At any rate, early in 1937 I received a letter from him saying he had decided to close two of the smaller branch stores. He did close them, and his figures at the end of 1937 show the wisdom of his decision. Notice the debt cut by more than 50%.

*Gave Up Volume for Safety*

He was not satisfied with that however, and in April of 1938 wrote me that he was closing the last and largest of the branch stores. In doing so he gave up a very considerable sales volume, and lost some of his hard earned capital, but he brought his business back to a sound, well-balanced basis, and

will undoubtedly from now on be content to grow and prosper in a more conservative and safer manner. He is discounting all his bills again, and will no doubt make satisfactory progress from now on.

I wrote him recently congratulating him on the fine state of his affairs and complimented him upon his courage in closing the branch stores and in cutting his business down to life size. In his reply he said:

"I gave my bank the statement, and also showed the banker your letter. I want you to know that it didn't hurt my standing with them any. Thanks a lot for your kind comment."

Naturally we are now selling him again in his own name, and in a very large and gratifying manner. I claim no credit for what he accomplished. It took a real merchant and a man of courage to what he did. I do maintain, however, that my comparative analysis of his statements, year by year, told me a very vivid story of his ability and of his mistakes, and enabled me to determine intelligently how far to go with him and when to call a halt. It also enabled me, I believe, to offer some constructive suggestions, and to cause him to think

Case "B"					
	12/31/1927	12/31/1929	1/31/1932	1/31/1937	1/31/1939
ASSETS					
Cash and Cash Receivable.	1,952	12,782	7,215	21,313	54,178
Accounts Receivable.....	767		400		
Merchandise.....	77,887	158,525	84,209	241,017	234,835
Current Assets.....	80,606	171,307	91,824	262,330	289,013
Fixtures and Equipment...	1,423	3,331	3,453	2,838	1,737
Investments.....				1,000	1,000
Cash Value Life Insurance.			1,559	9,354	12,472
Total Assets.....	82,029	174,638	96,836	275,522	304,222
LIABILITIES					
Accounts Payable.....	40,638	98,481	3,406	26,143	249
Notes Payable—Bank.....			12,500		
Total Liabilities.....	40,638	98,481	15,906	26,143	249
Net Worth.....	41,391	76,157	80,930	249,379	303,973
Annual Sales.....	172,856	305,310	427,826	1,217,891	
Annual Expense.....	58,346			383,668	
Fire Insurance.....	Full	Full	Full	Full	
Life Insurance on Officers..			50,000	50,000	
RATIOS					
	Typical				
Current Ratio.....	300	199	173	577	1,050
Worth—Debt.....	325	102	78	509	955
Worth—Fixed Assets... 1,250					
Sales—Fixed Assets... 4,000					
Sales—Merchandise... 375	222	192	508	505	
Sales—Receivable.....					
Sales—Current Debt... 1,000	424	310	2,640	4,665	
Sales—Worth..... 400	418	400	529	489	
Expense Percentage... 32.6	33.7			31.5	

in every way and you have found it possible to consistently discount all your bills. With your expansion into the three new stores you now operate, you have spread your capital out very thin. We observe that your liabilities are \$38,702 against a net worth of \$36,855. In other words, your creditors now have a larger investment in your business than you have yourself."

I went on to urge him to put in a stock control system and also to try to secure some additional capital. Moreover, we suggested that he should cut down his spring orders, our own included.

In reply he sent a very courteous and friendly letter, outlining his plans to reduce stock, and thanked me for my "frankness and interest." He also cut our order down substantially, as I had suggested.

*Increased Stock and Debt*

We received a statement late that spring which seemed to indicate some progress, and we shipped him a moderate order that fall. Before accepting an order for spring 1937 we requested a later statement and he sent me



along sounder and better channels. I am sure my firm is receiving dividends today on the time and effort which I put into maintaining my analysis of his affairs.

*Another Case of Overstocking*

Case B is a very vivid and interesting story of the accomplishment of an intelligent and hard working shoe retailer, who was willing to learn some of the important things about business which in his previous training and experience he had not encountered. He has for some years operated a group of leased shoe departments in leading department stores in a densely populated section of the country. His departments have for the most part been in medium sized cities.

My first contact with this dynamic personality was in 1926, when he had been in business for some five or six years. He had built a profitable and fast growing business by that time—showing unusual ability to attract trade to his departments and to sell them in a profitable manner. The statements shown on page 14 have been selected from a series of twenty-one annual or semi-annual statements which he has sent direct to me since we started selling him.

This dealer, like so many others, was anxious to expand his business rapidly and had, by the end of 1927, taken on more departments, or at least was carrying much more merchandise than his capital or even his sales warranted. I had repeatedly warned him about this, but he had not yet learned that a well balanced business is much more important than merely a fast growing business.

By the end of 1929 he was in a very badly extended position, and was very slow in paying his bills. It would have been possible for us at that time to discontinue selling this dealer. However I knew his capabilities as a merchant and I knew too, that he had the intelligence to operate his business on a sound basis if I could only get the idea of proper balance over to him.

*Ratio of Capital to Sales*

In an effort to do this I visited his office and spent a good deal of time with him on this matter of getting his merchandise and his debts into proper relationship to his capital and his sales. As a matter of fact, with his help, I worked out a complete budgetary buying program for the year 1930, aimed at a drastic reduction in stock and a lessening of his excessive indebtedness. This gave him a definite plan of action—a mark to shoot at—not of sales volume, which had been his only target before, but of a balanced stock, a proper turn-over and a control of his debts.

Two months after my visit, in March, 1930, he wrote me a very fine letter, from which I quote the following:

"Friend Woodward, I am happy to tell you that the budget you installed is working wonders for us. We can see ourselves getting into shape. It will be a matter of only this season and then we will be in position to take care of our obligations on time." Again in August of that same year, in submitting his semi-annual statement to me, he wrote as follows:

"I realize the most important thing in my business today is turn-over, lower inventory and less liabilities. That is the one aim I have, and I will get and control it. I am going to ask you as a personal favor to me, to give this statement of mine a little

**Every Business Executive Should  
Read the Announcement on Page 24  
and Then Join in This Effort**

more than average time. Analyze it and put it on that working sheet of yours and write me a letter in detail and show me the good points and above all the weak points in my operations for the past six months, so I can take advantage of it in future."

Naturally I did as he asked me, wrote him a four page letter and enclosed a copy of my comparative analysis sheet, so that he might enter the new figures year by year.

I might quote from many more letters which we exchanged in the next two years, to show how completely this merchant had taken his lesson to heart. In each of them he pointed with pride to his lowered inventory and to his steadily declining indebtedness. At the end of each six months period he sent his statement and asked for my criticism and for figures to keep the analysis up to date.

*Sales Up 40%; Stock Down 50%*

If you will refer to his figures of January, 1932, and compare them with his statement of December, 1929, you will see what this new zeal for a balanced business had accomplished for him. Observe that sales had increased by better than 40%, whereas his merchandise had dropped by nearly 50%. The sales to merchandise ratio had increased from 192 to 508. His debts had decreased by 84% and he was consistently discounting all his bills. In short, his business was in excellent shape from every possible viewpoint.

Surely the time I had spent in working with this good customer of ours had been well spent. I had been instrumental in bringing home to him a very fundamental lesson, in the application of which he has now become a master. I am proud he has never hesitated to openly give me credit for what I was able to do, and that he is one of my very closest business friends today.

His two other statements, two and five years later, are in the nature of an anti-climax. They are given to show how this man, now one of the outstanding shoe merchants of the country, has mastered the art of keeping his business properly balanced, and how he has prospered through doing so. And he is today one of our very largest and most valued customers.

*Constant Watch Is Needed*

Our files are literally filled with other cases of equal interest. Many of them have come to the point where we continue our analysis only as a matter of interest and pride. Some have gone along splendidly for a period of years, only to make some mistake, or encounter some misfortune, and again become a subject for concern and closest cooperation. Still others are in the making.

All of them, however, are vitally interesting to me because they tell a human story, each with its evidence here of strength and here of human weakness. Statement analysis is not, as so many people believe, merely a study of cold, impersonal figures. It is, rather, a study of the human forces behind these figures and is therefore always interesting and vital.

# Host City for Credit Congress —III

## Grand Rapids — A Community of Specialists

By James S. Hitchcock, The Herald, Grand Rapids

**W**hen delegates to the 44th annual N. A. C. M. Credit Congress come to Grand Rapids in June they will be visiting a city that hasn't been in a "jam" for nearly three generations.

The August 18, 1883 issue of Harper's Weekly carried a full front page of graphic "artist's conception" pictures of a spectacular log jam that occurred in Grand Rapids that year. The logs, coming down the Grand river from the lumbering country, piled up against the city's major traffic bridges and caused no end of trouble—as log jams had a habit of doing in those days.

The incident was a two week's wonder and Harper's Weekly wasn't the only journal of the time that "played" it up. But the log jam was historic in more ways than one. It was the last "jam" Grand Rapids of today remembers. Industrially, financially and otherwise the city has marched forward since then without a major setback. Just as specialists untangled the great log jam of 56 years ago, so have specialists in many other lines put their shoulders to the wheel to help roll Grand Rapids along to its present high and solid position.

### *Specialists in Many Lines*

N. A. C. M. guests will find this element of specialization permeating practically every commercial activity in Grand Rapids—from furniture to fly paper and from auto bodies to bugles.

In school rooms, on "quiz" programs over the air, in the marts of the world the name Grand Rapids always is associated with furniture. The city's attainment of the title, "Furniture Capital of the World," has been gained, not by mass production, but by the application of the specialization theory to the nth degree. This has called for the summoning to Grand Rapids of the world's best craftsmen in the production of fine furniture. Here's for instance, one may see the skilled hands of Alois Lang at work in one of the city's factories. Lang, a descendant of the family famous in the annals of Oberammergau's renowned Passion Play, is a wood-carver of surpassing artistry. But Lang is only one of a great company of artisans who labor daily in Grand Rapids furniture plants to provide the homes, offices, schools, churches and public buildings of America and the world with comfort and utility.

The peaks and valleys of industrial production in the past few years have not left furniture making unscathed, but in spite of conditions it

has maintained an unusually even keel, still providing a large share of the city's total annual payroll of more than \$40,000,000 disbursed by Grand Rapids' factories.

### *Museum of Masterpieces*

Stemming from the city's vital industry is the Grand Rapids Furniture Museum, the world's only permanent exhibit of original furniture masterpieces, the finest new creations from the skilled hands of top designers and craftsmen. N. A. C. M. visitors will be interested in this visual history of furniture making in Grand Rapids through the display of various periods and manufacturing processes.

From furniture to sticky fly-paper may seem a leap from the sublime to the ridiculous, but Grand Rapids folk do not so view it. They are rather proud of their city's contribution to the successful warfare against one of man's most vicious enemies, the common house fly. For, in spite of "vapors" and what-not that the continuous battle against flies has developed, statistics show that many millions of people still bank on the old-fashioned "stickum" as the most efficacious. Thus, through the efforts of specialists in this particular line, Grand Rapids has become the home of the world's largest



These are the hands of Alois Lang (of the Oberammergau Langs) and they are symbolic of Grand Rapids' position as a city of specialists.



plant producing an efficient death-trap for flies that has been hailed by common folk, both for its efficiency and economy.

The industrial specialization theme runs through the story of Grand Rapids as a city of workers like a strong, bright strand binding together a community that produces a vast amount of what the world needs. Out at the edge of the city a monster unit of General Motors Corporation is turning out those sleek, streamlined bodies that are rolling the nation's highways.

#### *From Calliopes to Pins*

In other plants specialists are turning out such widely diversified products as steam calliopes, metal belt lacers, seats for theaters and churches and schools, paper boxes, musical instruments for bands, bumpers and hardware for automobiles, cigars, mattresses, springs, flour, paints and varnishes, underwear and hosiery, bedding, perfumes and toilet preparations, gypsum products, crackers, candy, graphic arts, office equipment, plumbing and bathroom fixtures, elevators, wrought iron products, motor boat propellers, soaps and washing powders, ready-to-wear garments for women and children—the list could be extended to cover man's varied wants and needs from cradle to grave.

In this city of 170,000 souls the industrial, wholesale and retail establishments pay out annually something like \$65,000,000 in wages. The yearly value of manufactured products approaches the \$160,000,000 mark and wholesale establishments do a business that approximates \$140,000,000. Retail units account for another \$115,000,000 in the city's imposing array of business statistics.

Grand Rapids' specialists came to the fore in another field when the nation was beset by banking difficulties in 1932 and 1933. The result was that of the city's seven top rank banks and two trust companies, only one of the banks failed to reopen after the "wringer" process had been completed. Today the city's financial structure presents a picture of soundness and wholesomeness that wholly justifies its people's confidence in the men at the banking helm. Combined capital, surplus and undivided profits approximate \$12,000,000 with deposits aggregating \$70,000,000 and resources more than \$80,000,000.

#### *Gateway to Playground*

When N. A. C. M delegates come to Grand Rapids in June they will be guests of a city that not only specializes industrially and commercially, but also as a host to those who enter its hospitable gates. Next to its renown as a furniture making center it is most generally known as "The Gateway to a Nation's Playground." Annually hundreds of thousands come here, not only to national conventions, but to make the city their starting point for vacation enjoyment. From early summer to late fall the stream of tourists flows up from the southeast and southwest, fanning out from Grand Rapids to numberless spots on the Great Lakes and elsewhere in Western and Northern Michigan. The summer tourists flow is an industry in itself and is fostered by an organization of specialists in this particular line.

Visitors always are interested in an activity component to the vacation-tourist set-up. This is the Lydell Fish



Hands—and head and heart, too—fashion the furniture that goes from Grand Rapids factories to the earth's four corners.

Hatchery, one of the nation's largest. Here millions of perch, pike, blue-gills, bass and trout are reared under the expert care of specialists to replenish the lakes and streams that abound in the Grand Rapids area. Fishermen among the N. A. C. M. delegates will find their favorite pastime ready and waiting their pleasure.

#### *Agriculture and Fruit*

Agriculturally, Grand Rapids' network of modern highways reaches out to Western Michigan's fertile countryside; to the great Western Michigan fruit belt whose peaches account for the blush on Georgia's best; to vineyards that produce nearly one-fourth of the nation's grapes; to the famed apple country where Michigan's Northern Spies, Baldwins, Delicious, Greenings and others come from. The tradition of the city's early settlers remains strong in its agricultural picture today. The sturdy Holland fathers whose intensive cultivation of a rich soil produced the best in small vegetables have descendants here in 1939 who carry on, with the result that the city is a center for a wide area putting forth the best and most tempting in celery, cabbage and its leafy brethren, berries, peas, beans, etc. Centered in the Grand Rapids area are some of the largest canning plants in the country, many of them carrying the top-flight names, such as Heinz, Armour, Libby, Gerber, etc.

With the dawn of 1939 came the realization of several years of preparatory development in the oil industry. Like great fingers dripping black gold, Michigan's freshly tapped oil fields to the north and northeast of the city have been reaching down until now they touch the very borders of Grand Rapids. During the current year nearly \$2,000,000 will be spent in oil development in and near the city proper. Several wells have been brought in, some producing upwards of 250 barrels a day.

Thus Grand Rapids—a community of specialists—secure in the knowledge of a sturdy, well built past, looks forward only. Its leaders' feet are on the ground. They march to a well planned future.





## SIGHTS TO THRILL YOU

Whether it be beautiful scenery, huge industrial plants at work, great works of art properly displayed or the sites of historic events, Grand Rapids offers many a thrill. Situated in a lovely valley, it has builded itself in beauty. Contentment born of its beautiful surroundings animates its workers with the result that industry has developed many huge factories in the city. Grand Rapids has been termed one large park, containing within itself a profusion of smaller parks. Its furniture plants manned by the finest craftsmen have a thrill for the visitor. Vestiges of the Indian life, which a century and a half ago flourished in the Grand River valley, still remain. There is much in Grand Rapids to stir the pleasant emotions of visitors.

## PLACES of INTEREST AND BEAUTY . .

Among the numerous places of interest in Grand Rapids are John Ball Park with its extensive zoo and many beauty spots; the Grand Rapids airport—a link in the great chain of airlines throughout the nation; the new Furniture Museum, where the visitor may see the latest and finest in craftsmanship and design as well as the visualized history of furniture and the processes of its manufacture; the municipal wholesale market, the finest in the nation; the Dwight Lydell fish hatchery where millions of perch, pike, bluegills, bass and trout are raised to stock the lakes and streams of Michigan. And within an hour's drive of Grand Rapids are more than 200 beautiful lakes, inviting beaches and a diversity of rolling country of great scenic beauty.

---

## 44th Annual N.A.C.M. Credit Congress

---

# MECCA FOR CONVENTIONING, TOURING AND RESORTING

As the "Gateway to the Playground of a Nation," Grand Rapids and Western Michigan have become twin Meccas for conventioning and touring. During the summer, the "Playground of a Nation" offers the magnificent sandy beaches of Lake Michigan for bathing, its waters for sailing and fishing and more than 5,000 lakes and streams beckon to the fisherman, swimmer and canoeist. Scores of golf courses, shuffleboard courts, bowling greens are available in profusion to visitors. And for those who most enjoy motoring amid magnificent scenery, Michigan offers many a thrill. One of the nation's finest systems of highways winds among the picturesque sand dunes, through cool forests over gorgeous hills, commanding views of lovely rolling meadows

All  
photos  
through  
courtesy of  
Grand Rapids  
Convention Bureau

## WINTER OR SUMMER

In the winter the more northern communities now have elaborate ice-carnivals with programs of all winter sports including skiing, skating, tobogganing, ice-boating, winter-fishing. Here in the crisp cold of northern Michigan, new vigor courses through the veins. The year 'round, visitors will find pleasure and recreation in Western Michigan. Starting in the spring with the Blossom Festival at Benton Harbor, moving upward to the internationally famous Tulip Time in Holland; the Manistee National Forest Festival; the Pere Marquette Memorial Pageant and the Muskegon Centennial, offers a succession of festivals of national fame, climaxing with the Cherry Festival at Traverse City. Attendance at a Western Michigan convention presents the ideal method of combining business with pleasure.

For Detailed Tourist Information Write—

**WEST MICHIGAN TOURIST & RESORT ASSOCIATION**

H. J. GRAY, Secretary-Manager

22 Sheldon Ave., Fulton Street Park

**GRAND RAPIDS, MICHIGAN**

(State of Michigan Co-operating)

# Grand Rapids, Mich., June 11-15, 1939



# Credit Information from Banks

## How Far Can the Banker Go on Inquiries?

By O. P. Decker and Paul C. Raymond,  
American National Bank and Trust Company of Chicago

**C** When a banker discusses the credit standing of an account with you, it is necessary that you keep one fundamental fact in mind, namely, that his relationship with his customer is a highly confidential one. This point cannot be better illustrated than by some correspondence that we once had with a depositor. His feelings on the subject were stronger than many people's, but they graphically illustrate why bankers must use the utmost care in discussing the affairs of their customers.

This customer had called on us with the view of establishing a line of credit. He was well and favorably known in his trade, and there was no question but that he was entitled to obtain the line of credit that he requested. After much discussion with him we were able to obtain temporary custody of his statement. We made a copy of it, returned it, and received the following acknowledgment of its receipt:

Dear Sirs:

I wish to acknowledge receipt of our audit as of December 31, and observe that you have made a copy of this for your files.

As you are well aware, I was reluctant to leave this with you as I have never submitted a financial statement to anyone. I do not believe that you would knowingly abuse my confidence, but I feel that there may be a chance for someone in your employ to inadvertently discuss my statement with others.

All of my purchases are for cash so that I do not feel that anyone outside of yourselves has any right to see it. I would appreciate it, therefore, if you would mark your files accordingly.

Very truly yours,

To which we replied:

Dear Mr.....

Your letter of January 20 acknowledging receipt of your audit report has been received. Please be assured that your statement will be held in our confidential files for our use only.

With kindest personal regards.

Very truly yours,

The following day we received this letter:

Dear Sirs:

In reply to your letter of January 22nd, I feel after giving the matter further consideration, that I will forego the line of credit which you offered me, inasmuch as I do not care to have my financial statement on file with anyone. Yours very truly,

Amazing! Yes, but true. And from an individual who had nothing to hide, who was thoroughly established, and whose character was of the highest. This man merely regarded his financial privacy as absolute.

### *All Do Not Have Same Views*

Fortunately for those of us who make our living by appraising credit risks, all business men do not have the viewpoint of the man whose correspondence has just been quoted. For the most part, business men who depend on others for part of their capital realize that a lender must base his judgment on facts, and that the more information that the lender has at his disposal, the more generous he will be in helping to finance their operations.

You as credit men and we as bankers have many regular sources of information available to us. The following have been found most helpful:

- (1) The customer himself, who may furnish information regarding his past and present financial situation.
- (2) Salesmen, whose observations are often of value.
- (3) The commercial agencies, who will give history, financial, and trade information.
- (4) The public records where information regarding suits and judgments, chattel mortgages, etc., may be obtained.
- (5) Those who have dealt with the customer in the past—competitors of yours and ours who will share ledger experience, and competitors of the customer, who will often pass on their judgment of his character and business methods.
- (6) The customer's landlord.

You, too, have all of these sources and, in addition, you can use the banks. The accepted method of obtaining assistance from a bank is to direct a letter of inquiry to it. The letters which are received generally ask one or several of the following questions:

- (1) How long has the account been on your books?
- (2) What size balances are carried?
- (3) Are you ever forced to return checks because of insufficient funds?
- (4) Have you ever loaned the subject of the inquiry?  
If so,
  - (a) How much?
  - (b) On what basis?
  - (c) How much does he owe you now?
  - (d) Has he repaid his loans in accordance with agreement?
- (5) Will you give us a summary of the latest financial statement in your file?
- (6) What do you think of his character and ability?
- (7) Does he pay his bills promptly?
- (8) Will you verify certain items on the statement which he has submitted to us? Will you explain others which we do not understand?
- (9) Do you think we would be safe in shipping him \$..... of merchandise?

After reading the above list of questions you cannot help but agree that the task of the credit man would be an easy one indeed if the banker were to answer all of these questions. However much the bank would like to do so, two major difficulties stand in its way: First, the bank may not be at liberty to make its customer's financial affairs public property; second, it may not have the information in its files. The fact that a company carries a deposit account with a bank does not mean that the bank is aware of the company's business history and financial condition. When accepting an account the bank establishes to the best of its ability that the customer is honest and will probably carry a profitable account. Beyond asking for enough information to establish these two facts, the bank has no right to become curious. It is entitled to ask for close information only when the customer wants to borrow. Only when this relationship

At this point we should like to digress a moment and exists has the bank a complete credit file.

point out something to those of you who are non-borrowing customers. We receive many inquiries every day regarding our customers who carry good balances with us, and about whom we have very little definite information. These customers are valued highly by us, and we are anxious to help establish their credit standing to the best of our ability, but often we are unable to serve in this way because we don't have proper and sufficient information.

#### Information Not Available

In some cases we have gone to these customers and said that we received quite a few inquiries on them, and we thought it might be a good idea if they would furnish us with sufficient information to enable us to answer these letters of inquiry more fully. Some of them have fully co-operated while others have simply said that if anyone asked us for information about them we should request the inquiry be made direct. The first customer encourages us, but the second one gives us reason to hesitate.

Every day we receive telegrams from correspondent banks running something like this:

ONE OF OUR CUSTOMERS HAS SIZEABLE ORDER FROM JOHN DOE & COMPANY. WOULD YOU CONSIDER COMPANY SAFE RISK FOR AN ORDER OF ..... DOLLARS.

We look up our records and find that John Doe and Company have carried with us an average balance substantially in excess of the amount of the order for the past few years. The account was favorably introduced to us, but our files contain nothing but agency information. Our reply goes back something like this:

JOHN DOE & COMPANY HAS CARRIED A SATISFACTORY ACCOUNT HERE FOR PAST THREE YEARS. BALANCES AVERAGE MODERATE FIGURES WITHOUT IRREGULARITIES. NO FINANCIAL INFORMATION EXCEPT THAT CONTAINED IN AGENCY REPORTS.

It would appear that we aren't doing as much for our customer as we should, yet we are limited by what we have in our own files. We should like to call this to your attention so that those of you, who do not borrow and who would like to have your bankers go further in helping you, will go to your banker and supply him with the information that you think will help your creditors in giving you assistance.

#### What You May Expect From Banker

Let us assume that the company about which you inquire is a borrowing account, and that the bank has a complete credit file, then what may the credit man expect the banker to tell him?

#### INFORMATION WHICH THE CREDIT MAN CAN EXPECT FROM THE BANK

- (1) Age of the account.
- (2) A general statement of the relationship with respect to loans and balances, including whether or not the account is properly conducted.
- (3) A summary of the trade information in the file.
- (4) In the case of some banks, a definite or general expression of opinion regarding the risk.
- (5) A verification of certain statement items provided this is authorized by the bank's customer.

- (6) A short summary giving the history and antecedents of the company.

#### THE CREDIT MAN CANNOT EXPECT FROM THE BANK

- (1) Exact details as to deposit balances.
- (2) Details as to loaning arrangements which are in force either as to amount or the basis of the loan. This information can be given only upon proper authorization.
- (3) Information regarding the customer's financial statement.
- (4) Some banks will not offer an expression of opinion regarding the risk.

In elaboration of certain of the above statements, we should like to refer back to the statement as to the general relationship which exists between the bank and its customer. The information which the banks give on this point tells whether or not balances are satisfactory, and whether or not a loaning relationship exists. The reason for not going into detail on these items has been set forth above when we mentioned the confidential relationship between the bank and its depositor.

#### Might Misunderstand Situation

For example, let us presume that a bank would write to some trade house and disclose the fact that it was

### You Can Do Something About Taxes

Read Mr. Redmond's article on the Association's new tax survey on page 24 of this issue. This survey gives your company an opportunity to express itself about the tax problems. If you will indicate your interest in this matter either to your local association secretary-manager or to Mr. C. F. Baldwin, Washington Representative of the National Association of Credit Men, 410 Munsey Building, Washington, D. C., a copy of the survey form will be sent to you.



loaning its customer on a secured basis. The trade creditor would immediately presume that the bank would not feel safe in granting unsecured credit and, therefore, a trade credit would be a risky venture. The reverse, however, might be true. The banks assume the attitude that inasmuch as they are loaning out depositors money they should never make an unsecured loan when collateral is available. For the most part any borrowing which is done by companies which have marketable collateral in their possession is on a secured basis.

A grain dealer, for instance, always gives warehouse receipts for grain as collateral. The produce man deposits warehouse receipts for butter and eggs. It is true that unsecured loans are granted for short periods, but these are for special purposes and not in the regular course of business. On the other hand, the shoe manufacturer is not able to put up collateral with the bank since his product is constantly in the process of manufacture and in distribution, and, in addition, he does not have a "wide market" inventory.

There are other types of borrowing where the reason for collateral is not quite so obvious. In making loans to contractors, for example, we generally take an assignment of the *draw*, not because we may doubt that the contractor will pay us, but because we wish to keep the job tied into the loan. If we were to tell a trade inquirer that we loaned the contractor in question on a secured basis, it could easily raise serious doubts in his mind.

#### ***Loaning Arrangements Confidential***

We prefer, therefore, to keep our loaning arrangements as a confidential matter between the borrower and ourselves. Credit men must never forget that banks are only middlemen loaning, not their own but someone else's money, to business to be used, once the loan has been granted, as the borrower's best judgment dictates, or as the needs of his business requires. Loans are made for a definite period, and amount to the banks becoming a temporary preferred partner in a business. If your customer still has your merchandise and you don't like his credit, you may be able to talk him into returning your merchandise, but no bank can talk its borrowers into returning its money until the borrower has liquidated part of his assets, willingly or unwillingly.

Some banks will freely offer an expression of opinion as to a risk. Others are inclined to be cautious in this respect because they feel that commercial credit men give a disproportionate amount of weight to the bank's opinion. Unfortunately, bankers are not omniscient, and in the past they have made mistakes in the credits they have granted. Where such a mistake is made an unqualified recommendation of the standing of an account can give rise to a very embarrassing situation, because in all such cases some credit men would have shipped the merchandise on the strength of the bank's favorable reply.

#### ***What of Unfavorable Reports?***

Place yourselves in our position for a moment when we receive an inquiry regarding a customer in whom we have no confidence. Obviously, we cannot make a recommendation, and neither can we commit our unfavorable opinion in writing, if for no other reason than we might be wrong. It appears to us that the best general policy on the part of the bank is to avoid making definite recommendations, but at the same time supplying all the

factual information to which the credit man is entitled and which the customer is willing we give out.

It seems to us quite right that we should not give out a customer's financial statement unless he has given us permission, or has published it himself through the commercial agencies. We feel that if our customer wishes to make this information available to his suppliers he will either publish the figures in agencies, or make them available in other ways to his creditors. If he does not choose to do this, it certainly does not lay within the province of his bank to take it upon itself to publicize this information.

If a customer furnishes you with a financial statement and you wish to verify the cash balance and the amount of the loans shown on the statement, or if you should wish an explanation of certain items that appear on the statement, the bank will give them to you, providing you obtain authorization from your customer. When a company's books are being audited, permission is always received to verify balances and loans. Certainly if it is necessary for a company's auditor to obtain permission to get this data from the company's bank it most certainly should be necessary for the company's trade creditors to receive the same authority.

#### ***Make Inquiry Through Your Bank***

There are other ways in which a credit man can use his bank. For example, there are times when a commercial credit man has a particularly difficult case to decide. In such a situation it might be wise for him to ask his bank to direct a letter of inquiry to his customer's bank. When banks exchange credit information they are a little more generous with each other, providing a legitimate reason exists for the inquiry. This is because bankers use the same language in the same manner, and also because they know without any question that any information which they exchange will be used in a proper manner. It is better, therefore, in a difficult case, to let your banker check your customer's bank for you.

Cases also arise where it is necessary to make a quick decision as to the shipment to an out-of-town buyer, who is unknown to you. Ask your bank to send a wire to your customer's depository. The answer will come back quickly and may help you to make a decision.

#### ***Banks Glad to Be of Service***

Bankers are glad to be of service, even though the cost of answering the large volume of inquiries which are received daily runs into sizable figures on which there is no return. Surprising as it may sound, some banks have a force of as many as fifteen men who do nothing but answer commercial inquiries all day long. A practice exists among some of the trade to broadcast an inquiry to all of the banks in the town in which the subject of the inquiry does business. These letters all ask the same question, and all that this practice does is to cause unnecessary work for all of the banks concerned. Commercial credit men should always obtain the name of his customer's bank before making an inquiry and address his letters to that bank alone.

Always remember that a banker will do all he can for you, but he cannot violate his confidential relationship. He must be cautious because some people give too much weight to what he says and to the way he protects his depositor's money.

# Is your office meeting the **MODERN WORK WEEK**

...without extra effort or extra expense?

## HERE ARE A FEW JOBS TO CHECK:

### Your Present Routine May Require Your Office Force to Build Toward Peak Loads.

By planning your work so that each set of records is completed and proved as it is written, the volume maintains a steady level and does not accumulate into a peak load at the end of the day, week or month.

### You May Be Wasting Effort by Preparing Related Records in Separate Operations.

A great deal of time can often be saved by combining operations. There are extra advantages in getting statistical information earlier; avoiding the rehandling of figures and records; eliminating needless chances for errors, etc.

### You May Be Needlessly Relisting Figures.

Time can be saved and errors eliminated on many jobs by the use of two-total adding or calculating machines that complete the work in one run through the media, ledgers, cash books, journals, etc.

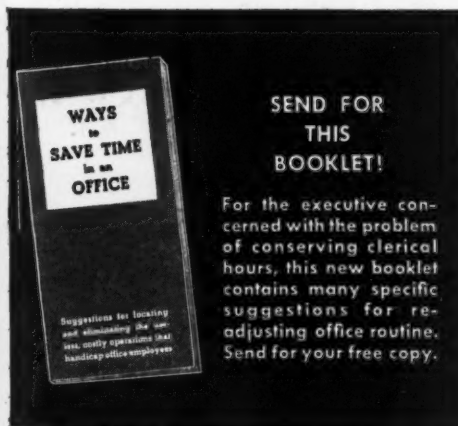
### Your Adding Machine Operators May Depend on "Flying Fingers" for Speed.

Operators who formerly tried to gain speed by making their fingers fly faster find it much faster and far easier to "short-cut" by adding entire amounts in one operation, rather than by depressing one key at a time.

### Your Present Routine May Require Duplication of Original Records.

Duplication of media in a separate operation takes time and increases the possibility of errors. It entails additional cost in verifying the duplicated records. Time and cost can be saved by using original records as much as possible.

The local Burroughs man will be glad to help you make a desk-to-desk survey. It will enable you to determine whether any of your employees are handicapped by operations that might be shortened or eliminated. Call him today, or write direct.



SEND FOR  
THIS  
BOOKLET!

For the executive concerned with the problem of conserving clerical hours, this new booklet contains many specific suggestions for re-adjusting office routine. Send for your free copy.

**BURROUGHS ADDING MACHINE COMPANY**  
6035 SECOND BLVD., DETROIT, MICH.

# Burroughs

*When writing to advertisers please mention Credit & Financial Management*



# Do Something About Taxes!

## N.A.C.M. Begins Study of Tax Problems Affecting Credit

By John L. Redmond, Vice-President, Crompton-Richmond Co.,  
Chairman, Special Taxation Committee, N.A.C.M.

**C** The National Association of Credit Men is conducting a national tax survey which will give those of our members who are facing tax problems an opportunity to "do something" about them.

This is not just another survey—not just another questionnaire to annoy business men. We know that business men don't like questionnaires, and we don't blame them. But neither do they like their tax problems, and those problems will not be solved unless business men are willing to give some of their time and effort to activities designed to eliminate some of the many faults in our state and federal tax structure.

Some months ago President Bosschart appointed a special taxation committee to coordinate and give emphasis to the work of the Association in connection with matters of taxation which affect credit. That committee decided that its first work should be a nationwide program to give the members of the Association an opportunity to express themselves on certain important phases of taxation so that the committee would be better able to publicize and communicate to official quarters the Association's recommendations regarding these matters.

### Facts and Figures Needed

The committee recognized that the main weakness of efforts, which business associations have made in the past, to serve their members in the field of taxation, has been the failure to support their recommendations by actual facts and figures. In Washington, for example, the tax experts of the Treasury Department and Congress know too much about the technicalities of taxation to be very much impressed by either complaints or recommendations of business groups which are not supported by indisputable evidence. The best evidence is, obviously, the actual experience of business firms with the many problems involved with both state and federal taxes.

The most persuasive arguments for improvements in the tax system are those based upon convincing facts and figures.

The work of the National Association is of course limited to the effect of taxes, or tax proposals, upon credit conditions. There are but few tax problems which may not affect credit in one way or another. There are, however, certain tax problems which bear directly on credit conditions, and it is these which will receive most attention by the special taxation committee. In other words, the objective of the committee will be to focus

attention on the credit aspect of taxation and, whenever possible, to point out instances where either the nature of certain types of taxes or the manner in which tax laws are administered may have a clearly adverse effect upon credits.

### This Is Our Job

This program is not an extension of the work of the Association outside the legitimate province of its activities. It is a definite concentration on one of the most important problems facing business men today and a determined effort to do everything within the Association's power to point out the need for changes in our tax system which would be conducive both to improved credit conditions and to sounder economic conditions generally.

The important work which the Association undertook in connection with the undistributed profits tax will be recalled by many N. A. C. M. members. That work had its inception when representatives of the Association pointed out to one of the Congressional committees, which was hearing the original bill, certain aspects of the bill which were definitely detrimental to sound credit. Almost immediately after the bill became law the Association commenced what became almost a continuous presentation of suggestions to the Treasury Department regarding those features of the undistributed profits tax which proved to be most detrimental to credit. Those efforts culminated in the presentation to every member of Congress of a carefully prepared statement which emphasized again the objectionable features of the law, as viewed from the credit standpoint, and urged either a repeal of the undistributed profits tax or its drastic modification.

To what extent these activities contributed to the changes which have been made in the law no one can say, but it is certain that no stone was left unturned in the Association's efforts to point out clearly and forcefully the reasons why the undistributed profits tax was anathema to most persons who deal with credit or understand the principles of sound credit.

### New Program Broad

The current tax program of the Association is of course along much broader lines. It is based upon the situation which we all recognize, that increasing taxation, not alone in the federal field but particularly in the states, constitute one of the most serious problems which the business man faces today. An intelligent approach to this

problem requires a clear understanding of its many aspects, not only on the part of business men and their associations but on the part of the general public as well.

No one can intelligently survey this situation without recognizing that government officials are faced not only with the necessity of obtaining revenue, but also, unfortunately, with certain political considerations which make extremely difficult the solution of the problems along obviously reasonable and common-sense lines. That is true even in connection with taxes which appear to be not only for revenue-producing purposes, but which also reflect other social or economic motives.

The business man, in turn, finds himself facing a growing burden of tax payments, an increase in his administrative expenses on account of the increase in taxes, and an increase in the number of records and tax forms he must keep. A condition of uncertainty regarding taxation thus arises which interferes with his efforts to plan his operations intelligently for the future. If his business is carried on in more than one state, he finds that his tax problems are multiplied and greatly complicated.

#### ***Great Need for Relief***

The most encouraging aspect of this difficult situation is that there seems to be a growing realization, not only among government officials, legislators and business men but also among the general public, that some of these tax situations will have to be relieved or, like weeds, they will flourish until they begin to choke the economic vitality of the country. This realization presents an obvious opportunity for business to come forward with intelligent and reasonable proposals which will enable legislators to find means of correcting the situation and provide legislators and the tax experts of federal and state governments with additional evidence of the need for changes in tax laws.

The tax survey of the National Association of Credit Men is the Association's first answer to this challenge which faces almost every business group in the country. The survey has been inaugurated in the belief that a large number of our members will recognize it as a program deserving their cooperation, even when such cooperation will certainly involve some effort and may involve some expense on the part of the individual member company. The questionnaire on which the survey is based is rather lengthy. If it were shorter, it would fail to accomplish its intended purpose. It was prepared after the most careful analysis of the situation and on the basis of suggestions which were received from many sources. It is a comprehensive questionnaire, touching various aspects of taxation, so that our members can be given an opportunity to indicate at one place and at one time, their views on those matters.

#### ***Should NOT Be Signed***

The questionnaire has been framed so that the replying company need not and in fact should not, indicate its identity in any manner whatsoever. The first part of the questionnaire, which is the most important part, deals with specific facts and figures. The latter part is concerned largely with opinions which of course will be of obvious value. The questionnaire does not pretend to cover the entire field of taxation, but it does deal with some of the tax problems which are regarded as of most importance at the present time. There is no doubt that,

## **Important!**

Post Office Regulations would not permit printing the Tax Questionnaire in the magazine so we urge every reader to send to the Association's Washington office, 410 Munsey Building, Washington, D. C. to obtain a copy of the Questionnaire and have it filled out and returned promptly.

if a substantial number of our members reply to the questionnaire, the Association will have in its hands an exceedingly valuable collection of data which can be used most effectively in its tax work.

The success of this tax survey will depend almost entirely upon the extent to which members cooperate by answering the questionnaire. The Association has made plans for the effective presentation of the data and the conclusions based thereon to government officials and legislators. Representatives of the Association have been assured that the results of the questionnaire will receive the most careful consideration by officials and that assurance furnishes another indication of the timeliness and value of the work.

It is hoped that the survey will receive the attention of senior executives of our member firms who will undoubtedly be interested in a matter of this kind and who will in many cases have to decide the extent to which their companies will cooperate in this job.

#### ***Send for Questionnaire Today***

We urge every reader to act at once in this important effort. First send a request to the Association's Washington office for copy of the questionnaire. After the questions have been answered, the questionnaire should be sent, in a plain envelope, to the Washington Office of the Association, 410 Munsey Building, Washington, D. C. In handling the questionnaire our members are requested to keep the following points in mind:

1. Answer it and return it to the Association's Washington Office as promptly as possible so that the replies may be analyzed, and the Association's recommendations submitted at the earliest possible moment.

2. Endeavor to answer the questionnaire as completely as possible. If you are unable to give all of the information requested, supply as much as possible.

3. In framing your replies keep in mind that nobody likes taxes, but that mere objections without compensating suggestions will not be of much help. In other words, try whenever possible to propose the solution of the problem as well as to indicate the problem.

In conclusion let me emphasize again that this matter is in your hands. We are confident that our members will see the importance of the work and will be glad to cooperate in it, thereby enabling their Association to help them.



# Are Installment Practices Right?

## Is the Sales Contract Antiquated?

By Dr. Albert Haring, Associate Professor of  
Economics, Lehigh University

**C**redit installment selling has risen to a significant volume during the last twenty years. Today about one-third of all retail sales is made upon some sort of a credit basis. Of the credit volume, one-third (or one-ninth of all retail sales) involves time payments or the installment system. According to the Census Bureau, installment sales amounted to 13% of retail sales in 1929 and 10.9% in 1935 during which year installment volume was 3.6 billions of dollars. In Table 1, installment sales for 1937 are broken down by kinds of retail business. Such large totals clearly show that time payment plans have filled a real need in mass merchandising. Some troublesome problems, however, have arisen.

Pay-as-you-use plans originally involved heavy down payments and the rapid liquidation of the unpaid balance in a few installments covering only a relatively short period of time. If the conditional buyer chose to relinquish the merchandise at any time, resale of repossessed (or returned) goods furnished adequate funds to cover any unpaid balance on the time price. This ideal situation no longer exists.

### *Initial Payments Less*

Down payments have fallen while time to pay has been stretched out so that resale of goods taken back may well leave the seller with a deficit. Markets for used goods have been highly unstable due to varying and poor business conditions. The style and fashion factors have spread to almost all merchandise, enhancing depreciation and obsolescence and lowering second hand values faster than previously. Installment selling has spread from relatively durable consumer goods, such as sewing machines or automobiles, to semi-perishable (such as tires) and perishable "soft" goods (such as fur coats, draperies or dresses). When these factors are considered, it is obvious that resale of repossessed items will often leave the seller with a loss. If the seller has further legal remedies, the tendency is for him to use them.

The American public has used time payment plans with the idea that, "If I can't pay, you take it back." As long as sellers were satisfied with repossession alone, it made little difference what type of contract the consumer signed. When repossession becomes only the first of a series of claims against the conditional buyer, Mr. and Mrs. Consumer are surprised, irritated and "mad." For the first time, they read what they have signed. And then they are often shocked, even though modern contracts are much milder than their predecessors. But contract terms are never important until repossession

alone becomes an inadequate remedy for the seller. And that day is just really arriving.

### *Usual Terms of Contracts*

What are the terms of the usual installment contract? The best answer to this question is a factual pamphlet entitled "The Installment Credit Contract" which was recently published by the Consumer Credit Institute of America, Inc. A brief summary of some of the pertinent findings of this study will be given in the following paragraphs.

Installment selling is commonly done through conditional sales, chattel mortgages and bailment leases, choice between these depending upon state laws. Privileges of buyers and sellers are approximately the same under each type of contract. The standard contract forms give the seller a number of remedies in case of irregularity and permit any or all of these to be used at the seller's discretion:

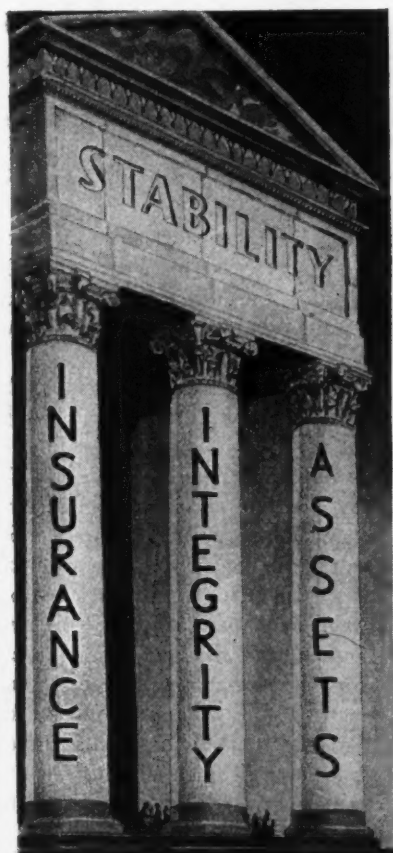
1. The seller may declare all remaining payments due and/or repossess goods for numerous specific reasons and if the buyer violates *any provision* (cf. drives an automobile out of state of registration) of the contract.
2. After repossession, the seller is given the widest discretion about resale and resale price.
3. When resale provides too little money (above costs) to pay off the remaining installments, the seller can sue the buyer for the residual amount.
4. The contract specifically excludes all oral agreements, only the written provisions binding the seller.
5. The buyer ordinarily signs away homestead rights, privilege of notice of repossession, etc.

### *Seller Thoroughly Protected*

To summarize, the contract forms thoroughly protect the seller. A more detailed analysis would indeed merely enhance this conclusion, even though no consideration were given to wage assignments or add-on contracts, and no mention were made of odd provisions in some contracts. A listing of a few significant items which are omitted from the usual contract is also pertinent:

- (a) Penalties for legal fees, redemption of repossessed goods, etc., are seldom adequately covered.
- (b) Redemption of repossessed goods may not even be mentioned.
- (c) Specific monetary terms and charges are often not given in detail.

# THE *Distinction* BETWEEN Safe and Unsafe



Time was, when granting a loan, that a banker had to be satisfied with evidence of then existing assets for security. As to their permanence against unpredictable loss from accidental causes, until his loan should be repaid, he had to gamble.

Today, behind the whole structure of business enterprise stands the great bulwark of Capital Stock Insurance, an indispensable guarantor of our American Economy. Gone, the era of chance. Today Mr. Banker does not consider a credit risk safe, whose assets are not adequately protected by insurance which would provide reimbursement, if necessary, to make good any disaster. He knows that the ultimate financial stability which distinguishes safe from unsafe can in no other way be assured.

The Commercial Union Group, renowned for its financial strength and sound underwriting, is one of the great Capital Stock insurance organizations with world-wide facilities. It is again honored to extend its greetings to the Credit Executives who are preparing to attend the forthcoming 44th Annual N.A.C.M. Credit Congress at Grand Rapids, Michigan, June 11th to 14th, 1939. It wishes every success for the program of the Congress and the efforts of those attending it, in advancing their common interest—"an ever higher credit standing for American business".

## COMMERCIAL UNION GROUP

COMMERCIAL UNION ASSURANCE COMPANY, LTD.  
AMERICAN CENTRAL INSURANCE COMPANY  
COLUMBIA CASUALTY COMPANY

THE PALATINE INSURANCE COMPANY, LTD.

NEW YORK

CHICAGO

THE CALIFORNIA INSURANCE COMPANY

THE COMMERCIAL UNION FIRE INSURANCE COMPANY

ATLANTA

SAN FRANCISCO

THE OCEAN ACCIDENT & GUARANTEE CORPORATION, LTD.  
THE BRITISH GENERAL INSURANCE COMPANY, LTD.  
UNION ASSURANCE SOCIETY, LIMITED.

HOME OFFICES, ONE PARK AVENUE, NEW YORK, N.Y.

*When writing to advertisers please mention Credit & Financial Management*



**TABLE 1**  
**Proportions of Cash and Credit Sales of All Stores Reporting, by Kind of Business, 1937 and 1936\***

Kind of business	Cash			Open credit			Installment credit		
	Number of stores reporting	Per cent. of total sales (weighted averages)		Number of stores reporting	Per cent. of total sales (weighted averages)		Number of stores reporting	Per cent. of total sales (weighted averages)	
		1937	1936		1937	1936		1937	1936
Automobile.....	99	33.7	32.2	98	18.7	17.1	95	47.6	50.7
Automobile tire and accessory....	58	20.1	20.4	57	66.7	67.4	28	13.2	12.2
Coal, fuel oil, and wood.....	126	25.3	27.8	126	73.3	70.8	15	1.4	1.4
Department.....	186	46.7	47.8	179	43.2	42.6	142	10.1	9.6
Furniture.....	145	8.5	8.8	54	23.4	21.8	131	68.1	69.4
Grocery, total.....	209	41.5	41.3	209	58.5	58.7	.....	.....	.....
With fresh meats.....	163	42.9	42.7	163	57.1	57.2	.....	.....	.....
Without fresh meats.....	46	36.4	36.5	46	63.6	63.5	.....	.....	.....
Hardware.....	96	38.4	39.7	93	58.8	57.8	.....	.....	.....
Heating and plumbing.....	40	5.4	6.1	40	89.5	87.8	11	2.8	2.5
Household appliance.....	43	8.8	9.3	32	19.0	14.7	39	72.2	76.0
Jewelry.....	92	23.4	24.5	62	39.7	40.6	47	36.9	34.9
Lumber and building material....	209	7.7	8.2	209	92.0	91.6	7	.3	.2
Men's clothing.....	131	41.8	44.3	132	52.1	49.8	14	6.1	5.9
Shoes.....	73	66.0	66.5	73	34.0	33.5	.....	.....	.....
Women's specialty.....	138	30.4	31.2	135	68.5	67.9	14	1.1	.9

\*From Retail Credit Survey — 1937, page 9. Department of Commerce, Bureau of Foreign and Domestic Commerce, Washington, 1938.

- (d) Unconditional payment is promised, regardless of the performance of the merchandise even when guaranteed. (Courts will not uphold this but the buyer has to go to court).
- (e) Any holder of the properly assigned contract can enforce all of its items (cf. repossession) upon the buyer.
- (f) Violation of contract is treated identically, regardless of whether it is caused by a legitimate reason or fraud.

The consumer buys on time and signs a printed form which has probably been unread. He later finds himself unable to make required payments. The merchandise is returned or repossessed. Then he is pressed for a residual balance or brought into court. Regardless of right or wrong, this is not included in what the consumer thought that he signed up for.

Or, because the last instalment is late, an unscrupulous seller repossesses goods worth far more than the unpaid and due balance. A "dummy" resale may well bring a price just equal to the amount due plus costs.

#### **Buyer Should Be Educated**

Pushed for payments to liquidate a residual balance after the resale of the repossessed goods, the consumer finds himself in a position which he does not expect nor understand. It is up to business to abandon instalment practices which require this technique or to educate the public as to actual contract obligations. And the unscrupulous dealer can easily, with a contract form identical to that of his honest competitors, severely abuse conditional buyers. Few purchasers, possibly none, make all payments without violating "any" contract provision.

Leaving the Institute study, it is worthy of note that Wisconsin has a law which forces automobile dealers to give buyers the detailed financial data pertaining to sales, and that Indiana is making a pioneering attempt to regulate instalment charges sanely. Except for a few instances, however, American endeavors to regulate the instalment business have been relatively ineffective and few

in number. In England, however, a recent statute has really attacked the problem.

#### **The New English Hire-Purchase Act**

The English have had an interesting regulation of instalment selling since January 1, 1939. The new Hire-Purchase Act now gives special protection to buyers when the total time price is under \$250 (50 pounds) for motor vehicles, \$2500 (500 pounds) for livestock and \$500 (100 pounds) for all other articles. The statute is thus definitely geared to protect the small instalment buyer. The essential provisions of this act, omitting detail and British terminology, are:

- (a) The seller must state in writing the cash price of the goods and the time price, both in the contract and *before the contract is signed*.
- (b) A copy of the contract with all pertinent details must be sent to the buyer within seven days of the sale.
- (c) The buyer may at any time terminate the instalment agreement by written notice to the seller, payment of instalments already due at time termination notice is sent, and return of the goods in reasonable condition. In case the sum of the instalments which have been paid since the beginning of the contract *exceeds one-half of the total time price*, the buyer is then completely freed from his purchase contract. If the paid instalments are less than one-half of the total time price at time of termination by the buyer, the buyer must remit an amount sufficient to bring his total payments up to one-half the total time price.
- (d) Every contract assumes by "implied warranty" that the goods sold are of merchantable quality, are reasonably fit for the purposes for which they are recommended, and that no provision of the contract can set aside such assumed warranties.
- (e) In the case of add-on contracts or multiple contracts, all payments shall be apportioned between the items being purchased in proportion to their time price. Or some other method of apportionment must be specifically stated in the contract.
- (f) All requests for repossession must be in writing.
- (g) When one-third of the time price has been paid, involuntary repossession can only be obtained by court order of a court in the county where the buyer resides. In such cases, the court may permit the buyer to retain some of the items if his payments have exceeded the time price "of that part of the goods by at least one-third of the unpaid balance of the hire-purchase price."
- (h) When one-third of the time price has been paid, repossession by court order is the sole and only remedy left to the buyer.

**Another article on Installment Practices is scheduled for an early issue.**

- (i) The general penalty for violating the new statute is to make contracts violating it unenforceable. In addition, a notice in regular sized type covering (c), (e), (g), and (h) must appear attached to every contract.

#### ***Would the British Act Work Here?***

Almost all of the important instalment operators in the United States would be quite satisfied to state cash vs. time prices, to inform buyers of all minute money details of the transaction, and to give out similar data, if all of their competitors did likewise. Many, indeed, do this now. There would be little grumbling about the "implied" warranties that must go with all selling. It is even being admitted that the old form of add-on contract will have to be revised.

Permitting the buyer to terminate the contract at any time, on the other hand, would violently disturb our present business practices. To hold the buyer for only one-half of the total time price (or the amount already paid), plus the returned goods in reasonable condition when buyer termination of the contract took place, would eliminate much "soft" goods time selling and materially tighten up even automobile terms.

Repossession only by court order when one-third of the time price has been paid, and then holding the buyer for nothing beyond his already made payments, would similarly eliminate many items now sold on the instalment plan today and tighten terms on much additional merchandise. A serious consideration of the British law as the model for American statutes would cause quite a disturbance.

The English, however, are logical. Their Hire-Purchase Act is aimed at making the merchandise the sole security for the credit transaction. Deliberately the new statute bluntly includes provisions which must cause sellers to lose in every case of default where the retaking of the merchandise does not provide adequate compensation to these sellers. In America, on the other hand, the issue is confused.

The instalment business in our country started out upon the basis of merchandise security. With today's low down payments and long duration of payment period in semi-perishable and style goods, American business is actually selling upon personal credit, not merchandise credit. Here is a mixture of merchandise and personal credit.



[1839 — THE CENTENNIAL OF BASEBALL — 1939]

## ***The CATCHER Wears a MASK***

Who knows better than the catcher what the pitcher aims to do, as he hurls one toward the plate? No catcher *expects* to stop a ball with his face, but he wears a mask just the same.

In credit granting, as in baseball, it is simple common sense to be "covered" against contingencies beyond control. And bear in mind: *credit control ends with the shipment of goods.*

### ***American Credit Insurance***

takes the impact of unexpected, unpredictable credit losses. It is a realizable resource for the shrewd Credit Executive.

American Insurance displaces no part of normal credit extension activities. It simply carries protection to its logical conclusion -- pays when the customer can't or won't.

Reorganizations under the "Chandler Act" are covered by American policies. All accounts are insurable on surprisingly reasonable terms. Investigate.

### ***American Credit Indemnity Co.***

OF NEW YORK

J. F. McFADDEN, President

Chamber of Commerce Bldg.

St. Louis, Mo.

Offices in all principal cities of United States and Canada

### **GET THIS FREE BOOK . . . . .**

### ***"The Best Collection Letter I Ever Used"***

Facsimiles of thirty vital, resultful letters contributed by Manufacturers and Jobbers. Cash in on their experience. Ask for free book: "The Best Collection Letter I Ever Used."

Copyright 1939, American Credit Indemnity Co. of N.Y. X15

*When writing to advertisers please mention Credit & Financial Management*



# Let's See the Record

## What's the Accounts Receivable Picture?

By P. J. Wedge, Treasurer, Commander-Larabee  
Milling Co., Minneapolis

**What Record? Accounts Receivable. Who Wants to See It? The Management.** What does the Management want to know about the accounts? How much have we out, open accounts receivable? Who owes us? How much do they owe? How old are the accounts? How much is less than 30 days, 30 to 60, 60 to 90, over 90 days? Okay, he should know. Right there is a lot of the meat in the company cocoonut.

This information should be in the hands of the executive in charge of credit each month. Here is an approved form:

in the aged list and totalled. Those totals are summarized by sales divisions and branches.

To assemble this information, the bookkeeping department takes off an extra carbon copy of the monthly statement of the accounts. On the ledger sheet is the salesman's name. On a margin of the statement copy is that salesman's name. With statement copies before him, the bookkeeper then refers to customers' accounts on the ledger and notes in pencil on the statement copy of each account the amounts that belong in the respective columns, —1 to 30, 30 to 60, 60 to 90, over 90.

nite way, the monthly trend of his collections. Likewise, he uses that sheet or sheets thru the ensuing month in his collection followup. He becomes interested in those last two columns to see them disappear. He becomes more credit and collection conscious of his own job.

A summary sheet is made of each sales division, showing each salesman's total in the aged columns.

When these aged lists, summarized and bound loose leaf in a paper cover, are passed to the credit executive, he has real information for intelligent use.

At a glance he sees what divisions, what salesmen, have increased ratios in old accounts. He has on his desk every open account balance. By referring to last month's list, he can note in pencil the trend by divisions, branches, salesmen and individual slow accounts. Also any sizeable accounts, still current, show up at once for additional checking if necessary.

The above is invaluable for well directed credit supervision and collection work.

### ACCOUNTS RECEIVABLE

\_\_\_\_\_ Office

Entered by \_\_\_\_\_ Rechecked by \_\_\_\_\_ Date \_\_\_\_\_ 19\_\_\_\_

DATE	NAME AND ADDRESS	AMOUNT OF INVOICE				
		1 to 30 days	30 to 60 days	60 to 90 days	over 90 days	Total

If the credit executive is to work intelligently with the sales department, its branches, and salesmen, he needs these monthly figures broken down into lists of each individual salesman's accounts. It's a little work in each bookkeeping department, but, boy, it's worth it.

When the May 1st summary shows total percentages in each column and you see that percentage increasing in the 60 to 90, and over 90 day columns, you want to know what divisions, what salesmen's accounts and what customers are the cause. For that purpose, each salesman's accounts are grouped

When the statement copies, with salesmen's names on margins, have been properly aged, as above, the bookkeeper then sorts them into groups, by salesmen, and passes them to a typist. The typist simply copies on to the aged forms in proper columns the information on the statement copies. Lists are made in triplicate—one for inventory, one for credit department, and one for the salesman.

Each salesman's accounts are kept on separate sheets and totalled so that each salesman may be handed a copy of his own list. This is important as the salesman is thus advised, in a very defi-

### Strict Economy

Smythe-Brown arrived one evening with the gloomy news that his business affairs were in a sad state.

His wife was helpful.

"Well," she said brightly, "there's only one thing to do. We must cut down expenses. Now, how can I economize—I know! I won't wear that new diamond necklace to the theatre tonight!"—*Vancouver Sun*.

In ancient Egypt, an individual named Pekikhonsu, according to tablet receipts found by archaeologists, made purchases on a payment down and balance over periods.

# NATIONAL ASSOCIATION OF CREDIT MEN

## MEMBERS' BULLETIN

### More tampering with trust receipts law

■ The recent introduction in the Michigan legislature of a bill purported to be the Uniform Trust Receipts Statute strikingly illustrates the need for watching carefully such legislative bills, which has been pointed out by your association on several occasions during recent months.

It has been explained in previous issues of the MEMBERS' BULLETIN and in direct bulletins to Association offices that, in four states, California, Indiana, Illinois and Connecticut, the Trust Receipts Law was altered to provide for chattel mortgage loans to be made under the law.

It was explained that such a provision in the law was contrary to the purpose of the Uniform Trust Receipts Act which is designed to apply only to transactions involving new value and not to provide security for loans made against existing stocks of merchandise.

It was also explained that the objectionable alteration in the Uniform Trust Receipts Act permitted the establishment of secret liens and was, therefore, definitely dangerous to creditors.

A bill known as House Legislative Bill No. 313, which was introduced in Michigan on March 10, contains a similar provision to that in the four states mentioned above. The situation was detected by the Michigan member of the Association's National Legislative Committee and immediate steps were taken to urge all Associations in Michigan to seek the removal of the objectionable provisions in the bill.

There has been a tendency on the part of some Associations to display little interest in the work on the Trust Receipts Statute because no such law existed in their states and the problems which were pointed out were, therefore, regarded as somewhat remote from the interest of those associations.

The recent development in Michigan demonstrates clearly that no Association can regard itself as immune from this type of detrimental legislative proposal. The fact that a trust receipts law does not exist in your state does not provide any insurance against an unsound legislative bill being introduced at any time. Constant vigil-

ance to observe any such tendency, and aggressive action if it should develop, are essential to protect the interests of all N.A.C.M. members in connection with this type of legislation.

### Credit Interchange program meeting splendid reception

Results already indicate that the New Program for Credit Interchange will be a potent factor in the early detection of fraud promotion schemes, in meeting troublesome unfair trade practices, and in developing prompt information in those cases where the general experience of the creditor does not indicate its need.

An important factor of the New Program will be the additional opportunity it provides for developing accurate information on those particularly troublesome, not rated and not listed accounts on which no appraisal or information is available elsewhere.

### F. P. D. puts two more "out of circulation"!

■ New York—Benjamin Shecter, who was trading as the Victory Merchandising Company at Phoenixville, Pa., was recently found guilty in the Federal Courts for the Eastern District of Pennsylvania on nine separate counts, each one charging Shecter with the use of the mails in a scheme to defraud. On April 6th Shecter was sentenced to a term of imprisonment of four months by Federal Judge Walsh, and was severely censured by the Court for testifying that the financial statement was correct.

This financial statement when issued showed a net worth of approximately \$7,000 over liabilities of \$2,164, and later Shecter failed with liabilities of \$17,738, with assets totaling \$1,085.

The Fraud Prevention Department's representative assisted the Federal authorities of Philadelphia in their investigation of the affairs of Benjamin Shecter, as a result of which investigation he was indicted on December 9, 1937, through the efforts of Post Office Inspector M. McVickar, Jr., who devoted considerable time and effort to the matter.

Chicago—The Chicago office of the Fraud Prevention Department reports the conviction of Samuel Sones, a shoe merchant, of Chicago, who was a subject of investigation, and which investigation resulted in an indictment being returned against him on December 15, 1938, on charges of concealing assets in violation of the National Bankruptcy Act.

On March 16, 1939, Sones entered a plea of guilty to the indictment and was sentenced to a term of imprisonment of two years in the Federal Penitentiary by District Judge Wilkerson, who then suspended same and placed Sones on probation for a period of two years. This case, which was investigated with the cooperation of the Federal Bureau of Investigation, was handled by Assistant U. S. Attorney Glasser of the Northern District of Illinois.



# The Executive Manager reports:

■ Two of the important services of your Association are, first, the Adjustment Bureau and, second, the Collection Division of the local Associations.

The Adjustment Bureau is a highly-specialized Department. Experienced Adjustment Bureau personnel is essential to an efficient Bureau. In a non-profit organization, such as we maintain, it is therefore important that we get the complete and full cooperation of every member in these service departments if we are to keep a trained, capable personnel to render these services.

## Adjustments

In periods such as we are going through now, even though the Adjustment Bureau Department is run very largely on a cost basis, it is difficult to balance the budget in that Department. In a measure, that, in itself, should be a comfort to each member; for when that Department is not exceedingly busy we ought naturally to assume that credit men are not finding their industry involved in distressed estates.

Sometimes, however, that assumption is erroneous. It seems hard to understand why, after having helped build so strong a local personnel to render this specialized service, credit men at times seem indifferent to using the Department that they established and have all along maintained. In a period of slack business it becomes increasingly important that members of the credit fraternity identified with this organization use their own organization's services at every opportunity. In this way they insure the maintenance of the efficient personnel that has been built in these departments. If they do not use it, because we are a non-profit institution it is only a matter of time until releases must be made with the obviously attendant results that must follow the loss of efficient individuals.

I doubt whether at any time in the history of the nation a better-trained personnel for the handling of distressed estates was ever gathered together than will be found in our nation-wide Adjustment Bureau system. This is not our own verdict. It is the opinion of disinterested individuals who have made an inspection of our operations. Public officials have frequently said that we maintain the finest national organization for this class of work.

Additional evidence of the effectiveness of our Adjustment Bureau is the average dividend paid throughout the country on estates handled by our Bureaus. This average varies from 30 per cent to 40 per cent. Certainly, as compared to dividends secured through other administrations our Adjustment Bureaus are deserving of the full cooperation of all credit executives.

If, in the future, you are interested in a credit case that involves Adjustment Bureau work or one that you think is the proper subject for our Adjustment Bureau, why not get in touch immediately with the man who is

running your own department in your own local organization? By doing so you will save money for your institution, but above that you will be insuring the continuance of an efficient organization to handle these cases. You built the Adjustment Bureaus. They are something you can and should be proud of.

## Collections

This organization did not originally desire to go into the collection business. We entered it because our members insisted we service them since they were dissatisfied with the available collection agency services. We pledged our members, at the time we inaugurated this national collection system, that we would service them as long as we received the necessary volume of claims to make it possible for us to do so. Every member has some items for collection. On the whole, the system has been fairly well supported. There is, however, much room for improvement.

I would ask every member just two questions. First, do you know of any system in the nation that has the complete coverage we have in the collection field? For a national organization I believe everyone would agree that we cover the United States better than any other single private organization. Second, what contribution have we made in the collection field by our constant endeavor to establish better ethics in the industry?

If you ask yourself these two questions you have an appreciation of this department. It should be logical then for you to want to favor this, your own department. If the service in your local Bureau is not to your full satisfaction, remember that the Bureau employees are *your* employees. Being your own employees they must and will cooperate with you. You know, of course, that there are certain rules and regulations that our Collection Bureaus, as well as our Adjustment Bureaus must follow. We require our men to be bonded. We require certain standards or practices that meet the highest ethical requirements. We make periodical inspections that go far beyond an ordinary audit.

Here again, we maintain all of this service because, as I said above, credit executives asked us to do it. We want to do it. Are you giving us the fullest opportunity? If not, why not make a memorandum this minute that you will forward the next collection item to your local Bureau. Regardless as to where it may be located, your local Bureau, through its affiliated units, will handle the item. If it happens to be a local item it will of course handle it direct. All you need to do to follow the matter is to take it up with your local Bureau Manager. From the time it is turned over to him he attends to all the details.

I am stressing these two service departments at this time because so many of our people fail to understand it is only through the use of these service departments by our members that we are able to maintain them. They need business for they must be self-supporting. If they are not self-supporting they cannot be maintained except at the expense of our other work.

Even with respect to our other work there are limi-

# 44th Annual N.A.C.M. Credit Congress

tations. The truth is that for services rendered the National Association of Credit Men and its affiliated units operate on a much lower budget than most trade associations.

I have before me today a summary of nearly all membership associations. They are 322 in number. The average dues of the members in these 322 Associations is exactly \$115 a year. When you consider that the credit associations have dues ranging from \$20 to \$50 a year, and that this payment covers both the National and the local dues, you will understand why service departments must be made self-supporting. You will also realize why it is so necessary for you to give them your business.

### "America's Balance Sheet"

During the recent meeting of the N.A.C.M. Board of Directors the recommendation was made that a book based on my articles which have appeared in our own and outside publications be prepared. This has been done and the book will be published early in May under the title, "America's Balance Sheet."

Besides containing certain articles which have appeared in our own publications, it will include hitherto unpublished material and articles which have appeared in national business and trade publications during the past several years.

The book is more than a collection of articles. It follows a definite pattern and discusses various aspects of American business and American life. The arrangement of the material is in logical sequence and will present an economic review that will be of interest to business men and women.

The book will be sold at the special price of \$2.50 per copy before publication (\$3.00 is the regular price after publication date) and will contain over 300 pages of reading matter.

None of the proceeds of the sale of this book will be retained by me. With the approval of the National Board of Directors I have dedicated the net proceeds of the entire book to the insurance fund of the employees of the National organization.

I am mentioning it on this occasion both because I believe the book will reflect the economic viewpoint of most credit managers and because of the non-profit purpose to which any earnings will be dedicated.

### Wage-hour interpretations available from N.A.C.M.

■ "The Wage and Hour Law: How It Operates!"—a book containing all the regulations and interpretations, issued by Administrator Andrews to February 1st—is now available. It also presents in narrative form a comprehensive discussion of the Fair Labor Standards Act as a working institution instead of a legal document.

N.A.C.M. members may secure free copies of this publication by directing inquiries to the N.A.C.M. Washington Service Bureau, Munsey Building, Washington, D. C.

## Credit Interchange program advanced

■ In response to an invitation to attend the Fifteenth Annual Tri-State Conference in Omaha, Nebr., which he was unable to accept, R. S. Shannon, Chairman, National Credit Methods and Practices Committee, wrote G. P. Horn, Secretary-Manager, Omaha Association of Credit Men, a letter in which he commented on new developments in Credit Interchange, and then went on to a discussion of the difficulties credit managers experience in exchanging information.

We believe Mr. Shannon has made the clearest analysis of the causes of those difficulties and outlined the most practical solution of them that has been presented to date. This opinion is sustained by the action of the Conference which unanimously endorsed his recommendations.

In large measure, Mr. Shannon repeated the conclusions and recommendations of the National Committee over which he presides as Chairman, but the presentation was his own. Believing his letter merits the attention of everyone interested in credit information, it is repeated here:

Dear Mr. Horn:

Thanks for the copy of the Program of your Fifteenth Annual Tri-State Conference. I am certain you will have an interesting and profitable two-day meeting. I wish I might attend, but that being impossible, will you, if opportunity permits, be good enough to convey a message to the Conference in my behalf?

Please tell the Conference something of our plans for making Credit Interchange a broader and more effective service; how we propose to meet the issue of fraud; our plans for the handling of the difficult problems of trade abuses; the plan for placing important information in the hands of creditors at the moment when it will be of its greatest value to them; and how our new program in its entirety can and will become the finest possible insurance policy against unnecessary and avoidable credit losses.

The National Board of Directors has made our Committee responsible for developing and supervising a really effective exchange of ledger experience information between creditors—an exchange which will accomplish the purposes I have mentioned here, and in addition will mean an important economy for business in its expenditures for credit information, in eliminating duplication of work in credit departments, and permit the handling of a maximum volume of business with a minimum of loss.

No one appreciates better than myself the tremendous responsibility our Committee has to the business of the country, and the difficult task confronting us in fulfilling that responsibility. That the opportunity for constructive work for business merits our most earnest effort, there can be no question, and I would appreciate it if you would tell your Conference in our behalf that our greatest problem is to develop concerted thought and action among creditors. We must overcome a growing misunderstanding that we can get without giving. If we as individual creditors are to have the complete ledger experience of other creditors, each of us must assume a definite responsibility for doing his full part in making that information available; we must work thru some common medium of action in which all of us will participate; we cannot buy but must give ledger experience information; we must first make known the identity of each of our customers individually; and we must promptly supply information when called upon to do so. When we fail to do these things, we are practicing economies which will be multiplied manyfold in terms of unnecessary losses.

One other matter I would like to mention. To illustrate, I

# Grand Rapids, Mich., June 11-15, 1939



shall cover it in a personal way. If we were to check carefully, I am certain we would find that many of those attending your Conference are selling the same customers as myself. I want to exchange information with each one wherever we have interests in common. Sometimes those attending your Conference will be the principal creditors. At other times I perhaps will have a greater interest than they. I need their information. I want to make mine available to them. And so I have this suggestion to offer, not only for myself, but for all other creditors in all other lines everywhere.

I believe the Credit Group work of our Association has been of immeasurable value to all of us. But I regret to see an exchange of information restricted to the point where all of the creditors do not participate. When that happens, conflicting, cross-purpose work is inevitable. I believe every creditor in every line should participate in the credit activity within his line, but I also believe that activity should be so organized that, when those in a Group in Omaha, Sioux City, or Des Moines, or elsewhere sit down to consider an account, they have before them a report which gives them as complete

as possible a record of the indebtedness and the standing of that account with all of its creditors.

It is an extremely easy matter to make that possible. It can be done through our Association by a simple coordination of Credit Group and Credit Interchange activities. I hope if the opportunity permits, you will mention this matter to your Conference as of particular interest to me, as I believe it is to all other creditors.

We have subjected our Credit Interchange system and service to every conceivable sort of critical test and examination during the past few years. We have found it good. Those of us on the Committee probably appreciate in a greater degree its tremendous possibilities as a vital, constructive force in credit work. The job ahead of our Committee is not easy, but it can be accomplished. I am certain I can count upon the full cooperation and support of those attending your meeting.

My best wishes for the complete success of your Conference.

Sincerely,

R. S. Shannon—Chairman

N. A. C. M. Credit Methods-Practices Committee

## Grand Rapids Credit Congress Plans Maturing for June 11 Opening

■ Within one month after this article reaches you, the 44th Credit Congress will have begun. While it is always true that the Host Association together with the National representatives assigned to convention duties are active months and months in advance of the opening day, it may be quite fair to say that unusual activity has marked Grand Rapids Committees and they are doing a splendid job.

Summed up in a nutshell this means the assurance to all delegates of a fine outstanding convention—one you cannot afford to miss. You will, therefore, do well to act now—register immediately and prepare to take advantage of this opportunity of a lifetime.

Two unusual social features mark the beginning and ending of the 44th Congress. Sunday evening—after a day occupied with reception and registration by our Michigan Hosts, a Symphony Concert accompanied by a well-known New York concert pianist will be enjoyed in the Civic Auditorium.

The closing event, Thursday evening, will be marked with a special banquet—a departure from our usual Congress procedure and which takes the place of our "Play Day." The Grand Rapids Congress Committee felt this would fill a dual purpose—provide a time for presentation of newly elected Officers and Directors and a favorable place for final meeting of personal friends and "goodbyes." Many will be leaving at the conclusion of the banquet for the New York World's Fair.

With the opening and closing social features covered, we may now turn to a brief outline of the daily business sessions. Further announcements of headline speeches will be made from time to time and the high standard of previous conventions will be maintained or excelled. The official time of the State of Michigan is Eastern Standard Time and all hours mentioned are agreeable to this.

Beginning Monday at 9:30 A. M., the 44th Credit Congress officially opens. Concert and song occupies the first half hour, with the President's gavel falling exactly at 10 o'clock. Following this will be the Introduction of Guests, Inspirational Address and other business matters. At 1:45 P. M., the session again begins with Mr. Henry H. Heimann's Keynote address at 2:05 o'clock. The Tregoe award, also announcements and resolutions follow.

Tuesday—9:30 A. M. Session begins as on Monday. The headline speaker of the morning will be announced later and the Report of President Daniel Bosschart and other features will follow. In the afternoon, Industrial Credit Groups under the direction of Roy Colliton meet in their respective assigned rooms.

Wednesday—9:30 A. M. As on previous days the program begins with Invocation at 9:45. The name of outstanding speaker to be announced in due course. Following will be report of Executive Manager, Membership awards, announcements and resolutions. And in the afternoon continuation of group meetings as on Tuesday.

Thursday—the final day—and very important. The outstanding speaker will be named in a later bulletin. Association Legislation, Insurance, announcements and resolutions follow on scheduled intervals.

Afternoon—beginning at 1:45, a group survey and general business report will claim place on the program, followed by most important election of Officers and Directors for 1939-40, and final report of Resolutions Committee. Adjournment at 4 o'clock.

Credit women are to receive special attention and a program is being worked out which will be informative and interesting.

As mentioned in previous articles, Grand Rapids is possessed of splendid hotel facilities and while there are several others, the Credit Congress is being confined largely to the following: the Pantlind, Morton and Rowe. The two latter ones approximately two blocks from the former and from the Civic Auditorium where all business sessions will be held. The general rates effective are as follows:

Rooms with double bed with bath (one person) \$2.50, \$3.00, \$3.50, \$4.00, \$4.50 and \$5.00 per day.

Rooms with double bed with bath (two persons) \$4.00, \$4.50, \$5.00, \$5.50 and \$6.50 per day.

Rooms with twin beds and bath, \$5.00, \$6.00, \$7.00 and \$8.00 per day.

Large outside room with three single beds and bath, \$7.50 per day; four single beds, \$9.00 per day.

Parlor suites, consisting of parlor and connecting bedroom with twin beds and bath, courtside, \$10.00 per day; front corner, \$12.00 per day.

Reservations may be made through your local Secretaries or remittance may be made direct to Grand Rapids, addressing Frederick H. Schrop, Congress Director, c/o Grand Rapids Association of Credit Men.

# NEWS ABOUT CREDIT MATTERS

A section devoted to local  
Credit Association affairs

May, 1939

Copy deadline:  
15th of month

## N. W. "C" men meet in St. Paul

St. Paul—Unsettled European conditions are holding in abeyance the spring recovery in business that was anticipated by many people, Henry H. Heimann, Executive Manager of the National Association of Credit Men, declared before the dinner session of the Northwest Credit Conference here on April 15 in the Hotel Lowry. Credit executives were in attendance from Grand Forks, Fargo, Duluth, Minneapolis and St. Paul.

## Weir lists prosperity factors at Birmingham

Birmingham—Three factors which will determine the extent of business prosperity were outlined by David A. Weir, Assistant Executive Manager of the National Association of Credit Men, in his address before the 35th anniversary dinner meeting of the Alabama Association of Credit Men on April 13 in the Thomas Jefferson Hotel.

## San Francisco—Oakland:

On Tuesday evening, April 11, members of the San Francisco Credit Women's Club crossed San Francisco Bay to attend the monthly meeting at the Athens Club, in Oakland.

Mr. David C. Minney of the East Bay Safety Council, gave a very interesting talk on Accident Prevention and Safety for Motorists, clearly demonstrated by accompanying motion pictures which described in detail each point of his topic. Arrangements for this splendid meeting were in the capable hands of Beatrice Hamel and Grace Kirkpatrick of Oakland.

## Detroit:

The annual Ladies' Night Party of the Detroit A.C.M. was held at the Detroit Yacht Club on April 12 and featured a dinner dance as well as bridge. Many prizes were awarded besides a favor for each lady attending.

## Binghamton:

A double feature speaking program was scheduled at the March dinner meeting of the Triple Cities A.C.M. at the Arlington Hotel. P. M. Millians of the American Credit Indemnity Company, past N.A.C.M. Director, discussed "Credit Insurance" and Howard H. Brown of the Fire Association of Philadelphia spoke on "Use and Occupancy Insurance."

## Close local membership race sees winners for 1938-39 named in "stretch drive"

As this issue goes to press we are certain to show a net membership gain for the year for the entire group of local Associations. Whether it will equal or exceed the previous year's gain cannot be determined at this time. There are five membership awards, one for each of the classifications.

## Bosschart talks on insurance

San Francisco—Stating that credit and insurance are "business twins," D. I. Bosschart, N.A.C.M. President, told the Fire Underwriters Association of the Pacific here in March at the opening meeting of its convention, that closer cooperation between insurers and credit managers is important. Mr. Bosschart referred to the surveys which have been made in recent years and revealed that many good credit risks are inconvenient in need of additional insurance coverage.

At present in Class "A" it is anybody's race, with Los Angeles, Louisville and San Francisco ahead. In Class "B" Indianapolis and Minneapolis are fighting it out. In Class "C" our June Credit Congress host, Grand Rapids, is currently leading Omaha by a small margin with Baltimore, Dallas, Cincinnati and Oakland following closely. In Class "D" Houston with a net gain of 42 so far is considerably out in front, although St. Joseph, Tacoma and Nashville have good chances. In Class "E" Evansville leads by a big margin, although it could be caught depending upon the results of the membership work in April at some other points.



## Lansing A. C. M. holds big annual banquet

Lansing—Responsibility for the rise of Communism in Russia and Fascism in Germany and Italy was placed squarely on the shoulders of the United States, Great Britain and France by Dr. Preston Bradley of the Peoples church, Chicago, in his talk before the annual banquet of the Lansing A.C.M. recently in the Hotel Olds. The noted radio preacher, who has crossed the Atlantic 22 times, predicted that the United States cannot save all Europe from Fascism.

At the speakers' table in the above photograph from left to right the individuals

are: Lawrence L. Kowalk, Secy., Lansing A.C.M.; Walter Reck, Bank of Lansing; Clarence C. Carlton, Secretary of Motor Wheel Corp.; Ray Potter, Lansing National Bank; Max A. Templeton, Mayor of Lansing; Rev. John A. Gabriels, Church of Resurrection; Dr. Preston W. Bradley, speaker; Paul A. Martin, State Journal; C. W. Otto, Toastmaster, E. H. Lothian, Chicago office, N.A.C.M.; Elmo Dygert, Pres., Lansing A.C.M.; H. S. Wyngarden, Prof., Michigan State College; Victor C. Anderson, Sr. Chamber of Commerce; Carl Sahlen, Song leader, Boys Sec. Y.M.C.A.



## Association activities

### San Francisco:

The April monthly meeting of the Credit Managers Association of Northern and Central California was held at the Palace Hotel, Thursday noon, April 6. Guest speaker was Dr. Paul F. Cadman, whose subject was "An Eighty Billion Dollar Nation". Some 300 credit and business executives attended this meeting. The May meeting which is the annual meeting of the Credit Managers Assn. will be held on Tuesday evening, May 23 and will be Credit Group Rally Night. A large attendance is expected.

### Bridgeport:

Credit executives from the New Haven, Hartford, Waterbury and Bridgeport Associations heard P. M. Haight, Sec.-Treas., International General Electric Co., and past N.A.C.M. President, discuss "The Ideal Relationship Between the Credit and Sales Departments" at the local Association's March meeting at the Algonquin Club.

### Baltimore:

At its March 29 meeting in the Lord Baltimore Hotel, the Baltimore A.C.M. through the courtesy of the Standard Oil Company presented a new film "News in the Air". This half hour movie depicted the history of news gathering methods from ancient times to the present and compared previous methods with the high speed and efficiency of a modern news bureau.

J. Dillard Hall, U. S. Fidelity and Guaranty Co., spoke on "Insurance from the Viewpoint of the Credit Man" at the April 27 luncheon meeting of the Association. The annual spring dance of the Credit Fraternity was held on April 29 at the Chesapeake Club.

### New York:

Matthew Woll, Vice Pres., American Federation of Labor, and George E. Bigge, Social Security Commissioner, discussed "A Balanced Appraisal of Social Security" at the dinner meeting of the New York C.M.A. at the Hotel Astor on April 27. This coincided with the recent study on social security taxation made by the local Association.

### Pittsburgh:

Andrew K. Black, III, Legal Department, Koppers Company, discussed the wage and hour law before the Credo Luncheon Club here on April 11. The 43rd annual dinner of the local Association was held on April 13 at the Hotel Schenley.

In the Bowling League the championship was won by the Credit Institute team in the roll-offs on April 5 when they defeated the Auto Accessories team, which had won the first half of the double schedule.

### St. Louis:

The annual dinner dance and election meeting of the St. Louis A.C.M. will be held at the Coronado Hotel on May 20. Election of officers and directors will be a feature of the occasion. At its April forum meeting the local group heard Thomas L. Gaukel of the Social Security Board discuss "Economic and Humanitarian benefits under the Social Security Act."

### Chicago:

The Midwest Paper Credit Conference was held here at the Drake Hotel on April 14 under the auspices of the Paper Credit Groups of the Chicago A.C.M. Among the conference talks were: "Advantages of Cooperative Credit Information," by C. S. Kostulski, Dwight Brothers Paper Co.; "Sales Side of Credit," by E. Wylie, Container Corp. of America; "A Bank's Technique in Handling Credit," by C. B. Petersen, Vice President, The Northern Trust Co.; "Realities of the General Economic Situation," by Dr. Melchior Palyi, Economist, University of Chicago and Stifel, Nicolaus & Co., Inc.; "Highlights of New Bankruptcy Legislation," by Henry L. Phoenix, Attorney, and a round table led by D. F. Jackson, Eddy Paper Corporation.

### Philadelphia:

As a result of a recent survey the Credit Men's Association of Eastern Pa. will have a new schedule of evening meetings hereafter. There will be an early fall meeting, a Christmas party and finally, the annual meeting in April. Plans also include a monthly luncheon. On March 21 the local luncheon group met at the Manufacturers' and Bankers' Club and heard a discussion on "Should Assignment of Accounts Receivable be Secret?"

### Cincinnati:

The April 11 Credit Club Luncheon heard L. Lake, Commercial Credit Company, discuss "Financing Through Sale or Assignment of Notes and Accounts Receivable", and E. E. Krause, American Credit Indemnity Company, who talked on "Insuring Accounts Receivable".

### Cleveland:

The annual meeting of the Cleveland A.C.M. is scheduled for May 10 at the Mid-day Club. Election of officers will feature the program.

### Kalamazoo:

At the monthly meeting held March 16, A. Fraser, Vice Pres., The Commercial Credit Company, discussed in detail his company's activity in the field of Financing Accounts Receivable. His talk was enthusiastically received.

The Credit Methods and Practices Committee is actively engaged in promoting the revised Interchange Reporting System. March 1939 proved to be the biggest month in the local bureau's history for the clearance of Interchange Reports.

### Johnstown:

The annual membership meeting was held here on April 20 with a "Credit and Sales Anniversary Dinner" at which time President Hayes talked on "Credit Cooperation" and L. I. MacQueen talked to the subject: "Paying the Piper".

### Rochester:

"The Situation in Washington" was discussed by Hon. Daniel A. Reed, member of Congress, before the Rochester A.C.M. April meeting at the Hotel Seneca. This was a return engagement for the Congressman who discussed governmental experimentation a year ago before the local group.

### South Bend:

Hon. J. Fred Bingham, Judge of Superior Court No. 1, discussed "State Insolvency Laws" before the April 27 meeting of the South Bend A.C.M.

### Syracuse:

S. Miles Bouton gave the members of the Syracuse A.C.M. interesting information about "What is Really Behind the News in Europe" at the April 11 dinner meeting in the Onondaga Hotel.

### Omaha:

On Tuesday evening, March 28, the Omaha Association of Credit Men held its monthly dinner at the Chamber of Commerce and had a very enjoyable meeting. About 90 were in attendance. Dr. E. P. Strong of the College of Commerce, University of Iowa, Iowa City, spoke on "Letter Writing" and gave an illustrated lecture on good and bad types of letters.

He was introduced by Prof. E. M. Hosman, Director of the School of Adult Education, University of Omaha, who sponsors the educational courses of the local Association. A feature of the evening was the attendance of one of Prof. E. M. Hosman's adult classes in substitution of their regular class night. A very interesting discussion followed.

Another important feature of the meeting was the presentation of the trophy to the winning team of the Association Bowling League, the recipient being the Fairbanks-Morse Team. There was a presentation of other prizes, and also the election of officers of the Association Bowling League for the ensuing season.

President H. R. Burke of Eggers-O'Flynn Co., presided at the meeting and introduced Frederick H. Schrop of the National Association of Credit Men.

### New York:

Alexander Z. Kruse, Art Critic, Artist and Writer, was the guest speaker of the New York Credit Women's Group at its April monthly meeting at the Hotel Victoria. Mr. Kruse brought with him lantern slides of the works of the great artists, tracing the history of painting and sculpture from the primitive to, as he put it, the modern primitive or modernistic.

Nominations of officers of the Group for the ensuing year were made, and elections will be held at the May meeting.

## Credit career

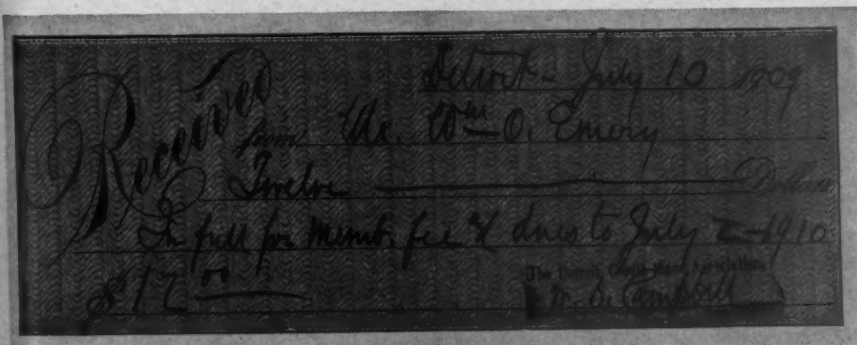


### William O. Emery

Detroit—On April 1 of this year Wm. O. Emery, Treas., Eaton-Clark Co. of Detroit, retired from his post. He had been a member of the Detroit A.C.M. for the past 30 years and had served two terms on its Board of Directors. On March 28 he was given a testimonial dinner by the company's employees at the Hotel Belcrest.

Upon his retirement he was called by L. E. Phelan, Detroit Association Secretary, "an ideal member who always maintains an outstanding and active interest in the growth of the local Association."

The receipt for his first year's dues as



a member of the Detroit A.C.M. has long been treasured by Mr. Emery and is reproduced on this page. His many friends in credit association circles wish him a long and happy period of retired ease.

### L. H. Martin

Death came to L. H. Martin, President, Martin Brothers Co., LaCrosse, Wis. on March 7. Mr. Martin was a life member of the N.A.C.M.; worked closely with the Adjustment Bureau and the Interchange System, and was a liberal contributor to both of the Fraud Prevention Funds that were raised by the N.A.C.M.

### Julian A. Gregory

Funeral services for Julian A. Gregory of Gregory, Stewart & Montgomery, general counsel for the N.A.C.M. and the New York C.M.A. for many years, who died in N. Y. Hospital on Mar. 20, were held at his Wilton, Conn. residence. Mr. Gregory had been invalided for several months and died of complications aggravated by a bad heart condition. He was 64 yrs. old. For many years he was active in the affairs of the Port of N. Y. Authority which builds and operates such facilities as the vehicular tunnels under the Hudson R. and the Geo. Washington Bridge.

### Joseph D. Steigerwald

Cleveland—The Cleveland local credit executives mourned the death of Joseph D. Steigerwald, Secretary, F. W. Foberts Co., who died on March 22. He had been affiliated with the local Association for many years.

### Phillip W. Ruppert

Milwaukee—Phillip W. Ruppert, Asst. Manager, National Lead Co., a charter Superzeb of the Royal Order of Zebras and Chairman of the Milwaukee Paint and Varnish Credit Group since 1932, died on Thursday, March 16, at his home in Milwaukee. As an active Zebra, Mr. Ruppert had been honored with election to national Divizeb for the Central Division Associations. In Association affairs he was very active and often referred to himself as "a credit-minded salesman."

pany where he will be General Manager.

Pittsburgh—Robert G. Culp, for many years in charge of credits, together with other responsibilities, has recently been named President of his company, the Fort Pitt Bedding Co.

New York—Samuel Bertcher, Credit Manager, Edmund Wright-Ginsberg Corp., has been elected Secretary of the firm. A member of the company for over eight years Mr. Bertcher is a past President of the New York Chapter, National Institute of Credit, and a Director of the New York C.M.A.

Grand Rapids—W. C. Seifried is the new Manager of the local branch of the Pittsburgh Plate Glass Co. Wayne Simmons, former Manager, is now in charge of the Milwaukee branch of the company.

Pittsburgh—Larry Bell, Union National Bank, has been elected to the Board of Directors of that institution.

Green Bay—W. M. Smith, for several years Credit Manager, Standard Oil Co., has been promoted to a similar position at Kansas City, Mo. H. T. O'Neil has been promoted from Asst. Credit Manager to Credit Manager of the Green Bay Division of the Standard Oil Co.

Pittsburgh—H. C. Workmaster was recently appointed technical adviser on real estate taxation of the Pennsylvania Property Owners' Assn. He is a member of the Credit Assn. of Western Pa.

Chicago—Edward L. Lloyd, who has attended many N.A.C.M. Credit Congresses as Chief of the Market Data Section, Bureau of Foreign and Domestic Commerce, in connection with the cooperative wholesalers' and manufacturers' survey conducted by the U. S. Department of Commerce and the N.A.C.M., recently joined the staff of the A. C. Nielsen Co., a market research organization. He has contributed articles to CREDIT AND FINANCIAL MANAGEMENT in the past few years.

### Classified:

**Credit Manager**—twelve years experience in credit and collection work. Entire responsibility of extension of credits with large manufacturing concern. Also wide range of experience in general office routine. Best of references. Address Box 51, Credit and Financial Management, One Park Ave., New York.

**Young man**, age 25, interested in entering the field of credit. College graduate with major in Economics and Business Administration. Two years experience in statistical and accounts receivable work. Can locate at point of opportunity. Address Box 52, Credit and Financial Management, One Park Ave., New York.

**The services** of a level-headed producer are available. He is familiar with every detail of credit management and collections. His training and initiative meet the requirements of any business with its changing problems. This man, now in his forties, is handling credits and collections in a large oil corporation. Address Box 53, Credit and Financial Management, One Park Ave., New York.

## Promotions

South Bend—Harold A. Smith, National Director, N.A.C.M. was recently named Vice President and Treasurer of his firm, the South Bend Lathe Works. Mr. Smith, who had previously held the post of Secretary in that company, is also a Director of the firm.

Detroit—J. E. McMurray, Credit Manager, Buhl Sons Co. of this city and member of the Detroit A.C.M. has been transferred to the Grand Rapids branch of his com-



## OUR DISTAFF SIDE

### "Tea for two"

In a pent-house apartment, overlooking the hills of Hollywood, they bridged a gap of thirteen years and in one hour, gave a glance backward to 1925 and looked forward into the future, to the time of equality in all things for Women Credit Executives.

Such was the first meeting of Lillian M. Guth of New York and Florence E. Banks of Los Angeles at five o'clock on the afternoon of March 6, 1939—those two women whose names are synonymous with the origin and development of our Credit Women Clubs throughout the United States.

For thirteen years they had corresponded, without ever having met. Miss Guth working on the eastern coast and Miss Banks on the western, at first holding together by a tiny thread, then welding into a chain across the country, all women engaged in credit work.

What they said to each other we will never know—what they dreamed over the tea cups was history in the making. Here's hoping they both live to see their dreams come true. Two women, separated by a continent, having the same ideas and ideals for the women of their profession, who met for one hour then parted, perhaps never to meet again, until destiny decrees—yet the work they began thirteen years ago carries on, building monuments to their memory while they are still with us.

### Binghamton:

The local Credit Women's Club held a special meeting at the end of March in honor of the completion of the class in credits and collections which they sponsored during the winter months. Charles J. Martin of the National Consumer Credit Reporting Corporation addressed the meeting, to which the members of the Triple Cities A.C.M. were invited. Miss Catherine O'Donnell is retaining her Secretaryship of the Binghamton Association.



### Detroit:

Prof. George Helwig of the University of Detroit was the speaker at the March monthly meeting of the Detroit Credit Women Executives. The speaker, who conducts the course in Mercantile Credits sponsored by the Detroit Chapter, National Institute of Credit, presented a discussion

### Chicago:

The Chicago Credit Women's Club has organized a "Goin' Round" Committee with Stella Harris as Chairman. On the first occasion 46 members and friends went to a large local rug house to learn about rugs. Similar trips are planned for future occasions.

### Cleveland:

The April meeting of the local Credit Women's Club was held on April 11 with Edythe Fern Melrose, General Manager, Station WJW of Akron, speaking on "Personality—Your Greatest Asset". The meeting was also Executive Night for the heads of organizations represented in the Credit Club. Officers and Trustees of the Association were also in attendance.

### Philadelphia:

The local Credit Women's Club took part in the 7th annual "Friendship dinner" which is held each year by the various Women's Clubs in the city. This year's event was sponsored by the Business and Professional Woman's Club of Philadelphia in the Bellevue-Stratford Hotel.

The April 13th meeting of the Club heard a talk by Josef Daikeler of the Borden Company on "The Credit Women's Place in Tomorrow's Business".

### Rochester:

Irene Rankin, Director of the Placement Bureau of the School of Commerce, was the speaker at the April meeting of the local Credit Women's Club. The annual May Party is scheduled for May 22 with Teresa McGrath, Rochester Telephone Company, in charge of arrangements.

### Worcester:

Discussions are under way locally concerning the organization of a Women's Group. Among those active in promoting the idea is Miss M. B. Graham, White & Bagley Co.

of credit problems. The annual spring bridge party of the group will be held at the Barlum Hotel on May 6.

The local club now has 58 members. Its officers are: Pres., Mrs. B. Hunter, Eaton-Clark Co.; Vice Pres., Helen Ferguson, Clayton-Lambert Co.; Treas., Patricia Phillips, Lynn B. Emery Co.; Secy., Gladys M. Kline, Detroit-Michigan Stove Co.

## ZEBRAFFAIRS

### Chicago:

Grand Exalted Superzeb, D. C. Campbell, has announced plans are being prepared for the fifth annual round-up for Grand Rapids during the week of the National Credit Congress, June 11-15. Since this is the "wooden anniversary" Don suggests that all Zebras strive to bring the "Wouldn't comes" to the round-up and make it the greatest round-up yet held.

The local Herd has added the slogan "Congenial Credit Contacts Create Confidence" to its ritual for initiations, as a further step towards creating genuine credit fraternalism.

### Pittsburgh:

Superzeb Fred T. Menges, assisted by Eastern Divizeb Floyd Ferguson and officers and members of the Pittsburgh Herd started 1939 with a dinner business meeting and initiation at the Fort Pitt Hotel. Thirty-six members braved the cold winter night in order to receive six new candidates into the Herd. The candidates were astounded when they were whisked away from this coal and steel center, and found themselves running over the burning sands of the Zebra country. Those who emerged from the ordeal handed out by the "Mule Skinners" were: R. Edward Vero, I. Bloom, L. H. Lund, H. W. Meider and L. R. Sharpe. One candidate who could not attend the round-up was C. O. Swanson, but through the kindness of Superzeb Menges, the following were delegated to apply the stripes at Oil City, on Tuesday, February 28: Ed. Schramko, Three Horse Power Burro; Murray Johnston, Keeper of the Zoo; Dud Meredith and H. L. "Dip" Luse. The business session was devoted to credit association membership work and some discussion was held on Herd Social activities.

### Fresno:

The annual state Conclave of the Royal Order of Zebras was held Saturday night, April 15, here in the California Hotel. Los Angeles, Oakland, San Diego, San Francisco, Sacramento and Fresno Zebras were in attendance. The Los Angeles Herd staged the initiations.

### San Francisco:

Eight new members have been added to the local Herd of Zebras. They are: Jimmie Old, Remington Rand, Inc.; L. Ross Sine, Mailler Searles Co.; George Greenan, Western Stopper Co.; Joe Ruggiero, General Electric Contracts Corp.; Herb Whitacre, Kieckhefer Container Corp.; George Morlock, Credit Managers Association; Shirley Smith, Standard Brands, Inc. and Chas. A. Jensen, General Petroleum Corp.

**Attend the  
44th Credit Congress  
Grand Rapids — June 11-15**

## INFONIC

The heading of this column is used by permission of the Institute bulletin published by the Rochester Chapter monthly. The name is a coined word meaning "Info" for information and "NIC" for National Institute of Credit. It will identify N.I.C. activities hereafter.

Newark Chapter, under the auspices of the Insurance Educational Committee of the Association, presented at their regular April forum meeting a program under the title of "Information Please." Five New Jersey insurance experts dared any and all credit men to ask them questions on insurance as it is related to credit.

New York Chapter has recently published a very attractive Chapter membership directory. The regular monthly forum meeting of the Chapter held at the Astor Hotel was addressed by A. D. Whiteside, Chairman of the Board of Dun and Bradstreet. Mr. Whiteside gave an unusually informal and informative talk on integrity and included many confidential comments on the European crisis.

Kansas City Association has just completed a series of forum meetings under the direction of the Educational Committee. These meetings are a forerunner to the organization of an active Chapter of the Institute.

In San Diego, a special class in Problems of Credit Management has been organized, limited to experienced credit executives. The course will be conducted by Professor Park J. Ewart of Los Angeles.

The Director of Education has just returned from visits to Cincinnati, New Orleans, Houston, Dallas, Fort Worth, Kansas City, Austin and Chicago. Preliminary steps were taken to revive the Chapter in New Orleans and to organize new Chapters in Houston, Dallas, Fort Worth and Kansas City.

The Tregoe Essay competition will this year draw more than double the number of entries received in former years!

The Academic Keys of the Chapter have had the wording changed from Junior and Senior to Associate and Fellow in line with the recent change of designations for those completing N.I.C. courses.

**Note: Chapters should send news items to be included in this column to Carl H. Henrikson, Director of Education.**

### St. Joseph:

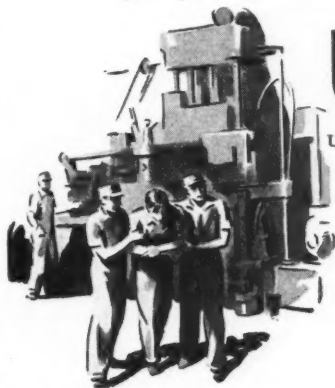
The newly-elected President of the St. Joseph A.C.M. is Mrs. Ida L. Reed of the Douglas Candy Co. She has been very active in both Association and Credit Women affairs and is a member of the National Credit Women's Committee.



**P**ATENTS, plans, production, and perspiration! Finally Mac's new High Speed unit was ready for the eager industry awaiting this new labor-saver. But on the first one sold, the safety device jammed, with a ruined shop and a seriously injured operator. The designer and builder was faced with a large claim for personal injuries and for property damage as well, running well into four figures.

But he thanked *this man* who told him the U. S. F. & G. had settled the claims. It all started one day when the insurance man said "Suppose one of those machines went bad—you might be liable for personal injuries and property damage, too. You should have Products Public Liability and Property Damage Insurance . . ."

*This man* is one of the 9,000 U. S. F. & G. Agents. He has a wide contact with both personal and business problems. Your local U. S. F. & G. Agent will gladly give you the benefit of his experience to help you solve your insurance problems—by showing you the various ways in which fidelity, casualty and surety insurance can protect you and your business. Your local telephone book will give you his name. Telephone him today.



# U. S. F. & G.

UNITED STATES FIDELITY AND GUARANTY COMPANY

with which is affiliated

FIDELITY & GUARANTY FIRE CORPORATION

HOME OFFICES: BALTIMORE

**"Consult your Agent or Broker as you would your Doctor or Lawyer"**

When writing to advertisers please mention Credit & Financial Management



## Sign on the Dotted Line

(Cont'd from P. 8)

the weakness of the old conditional sales contract, which really constituted a secret lien, and have partially remedied the situation by passing laws governing the use of this instrument so that it is now largely a matter of statutory law. In the process, most States now require filing for protection against third parties, the same as with the chattel mortgage, and although most States still provide for an election of remedies in case of default, the trend seems to be to more closely approach the same results obtainable in the chattel mortgage. Indeed the Uniform Conditional Sales Act which has been adopted in a few States goes so far as to throw out the old election theory and allows re-taking with a subsequent suit for any resulting deficiency.

### *Steps Needed for Mortgages*

When you sell under a chattel mortgage or a conditional sales contract agreement, you usually want to rely upon these contracts to give you absolute protection. Certain preliminary steps are necessary. You must be certain that your product does not depreciate too rapidly or that it is not subject to too rapid loss of value because of style changes, obsolescence, etc. Your product must be one easily identified and one that can readily be covered by this type of contract. You must be certain that your deferred payment terms call for a sufficient cash payment and large enough monthly payments to maintain an increasing equity for the buyer in the material purchased. This is to protect you in case of repossession and also to make it more attractive for the buyer to keep his payments up. You must also make definite arrangements for the usual insurance coverage on the chattel, protecting you in case of loss. Then you should get a good lawyer, one who thoroughly understands the various State laws on the subject, to draw up the proper forms to be used in the different States in which you expect to sell under this type of contract. If their use is only an occasional one, and where the money involved is considerable, it probably will pay to have your lawyer re-check the complete contract each time before you use it and so take care of possible changes affecting the use of the instrument. If you use this type of contract frequently and in several different States, it probably pays to have some good chattel mortgage and conditional sales contract service for ready reference on your desk so that you can guard against changed filing requirements, new affidavit requirements, etc., and also be in a position to refer any important change in the laws back to your lawyer for revision of the contract form itself. With such a service, you also are fairly well prepared to quickly decide if you are sufficiently protected should your customer ask you to use a form other than the one recommended for general use in that particular State.

### *Credit Record Important*

In every case a thorough credit investigation should be made of your customer's financial standing. This will show you the extent to which you might have to rely on your contract as security. It will also give you certain information necessary to properly make up a good contract. The form of organization affects wording of a

contract, the affidavits used, and filing requirements. The exact address of your customer's plant will usually be shown and is needed. The report will indicate who probably has authority to execute the papers. Whether the company is an owner or renter of the real estate will make a difference as to the need for a landlord's waiver in some States. Whether the real estate, if owned, is encumbered or not makes a difference in the time within which filing must be made.

In making up the contract, be certain that you use the correct and complete name of the corporation; and if not incorporated, the owner's or partners' names as well as the trade style used. An accurate, complete and definite description of the chattels should be given, using serial numbers or identifying numbers where possible. Be sure to have the correct address shown, and if you are not certain that you have secured the correct one from reports or letterheads, write direct to your customer or secure the information from the County Tax or Surveyor's Office. Needless to say, the amounts used and maturities shown on the payments should be carefully checked. Look at your service reports to see the number and kind of witnesses required, whether or not an acknowledgment is necessary, and if so, what is the proper form to use and before whom should it be executed. Is an affidavit of good faith necessary? Does the buyer or the seller both have to execute one? Are any special affidavits necessary, such as the landlord's waiver mentioned above, or supplementary affidavits relative to fixtures attached to real estate where your product is not classed as a chattel that retains its own personality? What officials must sign the contract?

### *Execute Contract First*

Complete execution of the contracts, and note or notes usually employed with the contract, should be done before shipment of your material, and in certain cases even the filing should be done before shipment or at least before arrival of the material at your customer's plant. A copy of the contract should be given to the buyer for his records, and in some States requiring you to do this, a separate receipt should be received from him for his copy of the contract, unless a receipt form is embodied in the contract form itself.

Either file or record the contract immediately, according to the State requirements. Most States require prompt filing, but even when you are given some leeway, it never hurts to have it done right away. Be most particular that filing is done in the proper place. In most cases this will be in some County Office, but there still are some States which require filing to be made in a particular City Clerk's or Town Clerk's Office. Perhaps tax stamps are necessary, so be sure to have them affixed. Sometimes filing is necessary in several different places, as when partners are involved, so be certain that these separate filings are taken care of. Get a receipt for the filings so that you know the time and date that filing was completed and so that you will also have handy the proper reference numbers for use later on in case of renewal or cancellation requirements.

Once filed, be sure that the contract is kept in force by renewals at the proper time. Be very careful about this because the law is usually quite exact on this point, and since some States require renewal filings once each

year, you will have to watch this point carefully if you sell on longer terms than twelve months or if by giving certain note renewals you have stretched beyond this period. When the contract has been paid up, be sure to file a satisfaction piece to discharge the lien. While this action is not required by law, it is a requirement in certain States to cancel within a very short period of time following demand from your customer to have this taken care of, and both civil and penalty damages are provided in case of non-compliance within the stated time limits. Regardless of this, it should be taken care of so as not to tie up the customer in case of later financing where an unsatisfied lien would be shown open on the records, and it gives you a fine opportunity to write a nice letter to the customer at the time you inform him that full payment and cancellation has been completed.

In case of default, act promptly, if such is necessary under the law to protect yourself. If you feel it advisable to take back material, try to have it returned without the necessity of legal action with a resulting saving of time and money; but if this is done or if the same result is obtained through replevin or foreclosure proceedings, be sure you follow quite exactly the legal procedure set forth, or it may cost you real money.

#### ***Be on Safe Side***

Many of the points mentioned and the suggestions made in this discussion are sometimes not legally necessary for a good contract. However, if there is the slightest question on any point, lean over backwards to be certain that you are on the safe side. This will help you to avoid loss resulting from your not having followed exactly some involved legal point. Furthermore, even though your contract may be legally correct as later decided in court, if such a test is necessary, you have lost valuable time and money in maintaining your action in court.

In closing, may I again emphasize the value of careful analysis of every instrument on which an autograph is secured. You should first decide under which classification the purpose of the particular contract falls, and then be quite certain that the form, execution, etc., will give you the best possible results in the particular case under consideration, whether it be to avoid misunderstanding, to assist in the collection procedure, or to give security.

## **More for old-age**

A more generous old-age pension system for the United States is recommended by the Committee on Old-Age Security of the Twentieth Century Fund.

Describing the minimum contributory benefits or pensions to be paid under the Social Security Act in 1942 and thereafter as generally "inadequate" in comparison with payments under some of the state old-age assistance plans, the Committee proposed to:

(1) Pay bigger federal benefits

- (2) Begin paying them in 1939 rather than 1942
- (3) Pay them to more people
- (4) Ultimately decrease the worker's share of the cost
- (5) Abandon the old-age reserve fund method of financing and proceed on a pay-as-you-go basis with only a small contingency reserve.

In addition, the Committee proposed an increase in the federal contribution to the states for financing old-age assistance which would make it easier for the poorer states to pay adequate pensions to their needy aged.



### **Every Seam Caulked**

To make a sailboat thoroughly seaworthy, every seam must be caulked. Likewise, a bank or a business, to be entirely safe, must stop every crevice of possible loss with adequate insurance and bonding coverage.

Many are the hazards that beset bankers and business men today: embezzlement, forgery, raising of checks, robbery, safe burglary, and loss of securities. Against the consequences of these and similar misfortunes, Standard Accident of Detroit provides sound stock company protection.

A Standard agent will gladly measure the hazards of a bank or business and recommend protection that precisely fits the individual needs.

## **STANDARD ACCIDENT INSURANCE COMPANY**

**Standard Service Satisfies . . . Since 1884**

*When writing to advertisers please mention Credit & Financial Management*



# Chairmen of Group Sessions

## Now Formulating Programs

By Charles F. Anderson, Grand Rapids Varnish Company, Grand Rapids, Michigan—National Chairman, Credit Group Committee

**C**Front! Boy! Here go the traveling bags. Here's your key, mister. And now you are in Grand Rapids at the Pantlind Hotel for the 44th Annual Credit Congress.

By the way, here's the registration desk. Let's get this registration over with. Now let's look around. What I want to see is that Civic Auditorium I've heard so much about. Say! This is handy. Right across the street, just as they said. Let's drop across and look it over. Wonder where we will hold our Group Sessions. They tell me these Industry Sessions have become quite a thing in these Credit Congresses of late.

Look, here are 14 special group rooms right alongside the main Convention Hall. They tell me these are all air-conditioned—and I mean real air-conditioned. They say this Auditorium can be kept at any temperature desired. Down as low as 60° if necessary, right in the middle of summer. But, of course, that's too cool.

### *Airy Rooms Available*

Notice this. It says some of the Industry Group Sessions will be held in the hotel's special rooms. Let's drift around and see these rooms. Say, this is a honey. Right here off the mezzanine, with plenty of air and away from the noise in the lobby. Someone said the Pantlind Hotel has 15 or 20 rooms about like this one. There's going to be plenty of room for the 32 Groups.

Let's walk up the street to the Rowe Hotel. It's just two short blocks north. The Rowe is one of the American Hotel Corporation's hotels. You know what that means. They keep their hotels in the pink of condition. Allan Lowe, the Manager, recently came from Chicago and he knows what people want. Here is the Hunt Room, one of the live spots in Grand Rapids. Something doing every minute. What about Group Sessions here? This English room off the mezzanine is a beaut. The Spanish room just suits my Group. We'll need room for about 30 to 40. The hotel situation here is as good as I've seen anywhere.

Now, let's go to the Morton Hotel. They tell me there are 400 of the finest modern rooms up there. Did you notice it took us just four minutes to walk up here from the Pantlind? This is where we save taxi fare. In a city like Grand Rapids you get around mighty easy. I feel relaxed already. This rush, rush I've been accustomed to has dropped off like a coat. I can see I'm really going to enjoy this Credit Congress. Let's take a peek at some of the Conference Rooms here at the Mor-

ton. Look at this one. This would be just right for the Paint Group, or maybe the Auto Accessories Group. This could easily hold 75 to 100—and look, here is another just about like it. And say, they tell me the Morton Hotel Grille is famous for its food. This is a foxy mezzanine with comfortable chairs. And the lobby—friendly and bright. Yes, that's all genuine travertine in the lobby. They tell me it cost plenty of dough to build this hotel. It's only about 15 years old. Looks like new.

### *Sunday Night Treats*

And so we drift around. Tomorrow morning bright and early the Credit Congress opens. Tuesday and Wednesday afternoons the Industry Groups meet. It's going to be a fine Convention. I'm surprised at the number who have already registered. Don't forget tonight. What! Didn't you know there was to be some high class entertainment starting tonight right here in the Pantlind? Sure thing. Henry Heimann had something to do with this, they tell me. The pianist comes directly from New York and has an international reputation. She has played in the principal places in Europe. Tickets for this would usually cost \$3.30 each. They have some other surprises here for Sunday night. Grand Rapids sure is starting this Convention off right. A friendly lot of people. They were right down at the depot to meet us when we came in.

Well, so long, boys! I'm going up to the room a minute, but I'll be down in a jiffy because I want a good seat and I want to meet some of the Grand Rapids Reception Committee, especially some of these nice looking hostesses. By the way, don't you think it's a clever idea to start the ball rolling Sunday night with this high class entertainment?

### *Forum Discussions Popular*

Information available on progress made to date by chairmen and industry groups in the preparation of their programs indicates that the Grand Rapids meetings will equal or excel in interest those of previous years. A new trend is indicated in the preparation of programs, and providing more time for open forum discussions and the reducing of the number of topics set for specific discussion, allowing a greater amount of time for each one.

The plan of effecting greater permanency of organization for industry groups within the Association, through

the selection of a Chairman and a Committee to continue active through the year and until the next Credit Congress, has met with general approval and acceptance, and every effort will be made to inaugurate that program in each of the industry meetings.

Further efforts are being made toward providing secretarial assistance for each industry meeting. Secretary-Managers of the local Associations, thoroughly informed on all Association activities, are volunteering to serve the chairmen in these capacities. One important advantage anticipated from this will be complete minutes of the discussions and activities of the groups, providing copies to all who attend, and making them available as promotion material for the committee which will continue active in the industries during the year.

#### Speakers Being Selected

A number of well known speakers have already been selected by various groups, each topic thus presented being in the nature of an elaboration upon and not a repetition of discussions of credit problems as presented in the main Credit Congress sessions, thus effecting a continuity which will make it of importance and interest to everyone to follow through the entire program of the convention, attending both the main sessions and the industry group meetings.

Detailed information regarding speakers and a further outline of the programs of the various groups will appear in the next issue of "Credit and Financial Management." Following is a roster of the group meetings so far arranged and the names of the chairmen and vice-chairmen in each instance:—

**Advertising Media:**—R. E. Langton, Chairman, Salt Lake Tribune & Telegram, Salt Lake City, Utah; A. L. Vogt, Vice-Chairman, San Diego Union Tribune, San Diego, California; L. F. Sullivan, Vice-Chairman, Des Moines Register-Tribune, Des Moines, Iowa; T. E. Kramer, Vice-Chairman, Philadelphia.

**Automotive Supplies:**—E. M. Palmer, Chairman, Hinsdale Mfg. Co., Chicago.

**Banking:**—R. D. Mange, Chairman, Hackley Union National Bank, Muskegon, Michigan; Martin E. Lillie, Vice-Chairman, Old Kent Bank, Grand Rapids, Michigan; Vincent Yaeger, Vice-Chairman, Harris Trust & Savings Bank, Chicago, Ill.; W. E. Blakeley, Vice-Chairman, National Bank of Detroit.

**Brewers, Distillers, Wholesale Liquors:**—H. H. Jacobi, Chairman, Hiram Walker & Co., Chicago; Howard Gibson, Vice-Chairman, Natl. Distillers Products, N. Y. C.

**Building Material & Construction:**—N.

D. Bragg, Chairman, McCrady-Rogers Co., Pittsburgh, Pa.

**Men's Furnishings & Clothing, Dry Goods & Ladies' Wear:**—L. A. Ernst, Chairman, Men's Furnishings & Clothing Division, Cluett Peabody & Co., Inc., St. Louis, Mo.; I. J. Gale, Chairman, Dry Goods & Ladies' Wear Division, Rice-Stix Dry Goods Co., St. Louis, Missouri.

**Coal & Solid Fuel:**—Herman Thiessen, Chairman, Oglebay-Norton Co., Cleveland.

**Confectionery Manufacturing:**—B. Frank Fox, Chairman, Lamont-Corliss Co., New York City, N. Y.; Frederick Poel, Vice-Chairman, A. E. Brooks & Co., Grand Rapids, Mich.

**Drugs & Chemicals:**—G. E. Raymond, Chairman, Upjohn Co., Kalamazoo, Mich.;

L. W. Hutchins, Co-Chairman, Hazeltine & Perkins Drug Co., Grand Rapids, Mich.; A. T. Rickards, Vice-Chairman, Sharp & Dohme, Philadelphia, Pa.; Miss Marguerite Jordan, Vice-Chairman, Humiston Keeling & Co., Chicago, Ill.

**Electrical & Radio:**—E. R. Meggs, Chairman, General Electric Supply Corp., Grand Rapids, Mich.

**Fine Paper:**—Geo. G. Marguerat, Chairman, Butler Paper Co., Detroit, Mich.

**Food Products & Allied Lines (Manufacturing):**—Frank H. Wheat, Chairman, Federal Match Sales Corp., N. Y. C.

**Food Products & Confectionery (Wholesale):**—John McGrath, Chairman, Loose-Wiles Biscuit Co., Minneapolis, Minn.

(Continued on page 49)



## Your HOME-TOWN AGENT

Meet the "value conserver" of your community. A fellow citizen — *your Home-Town Agent*. He represents sound capital stock companies like Fireman's Fund. Gladly he will study your hazards — analyze existing policies — recommend coverages — provide adequate protection. Treat him as your friend — he'll prove your "friend in need." For remember — he sells *The Right to Feel Secure*.

*Fire • Automobile • Marine • Casualty • Fidelity • Surety*

# FIREMAN'S FUND GROUP

FIREMAN'S FUND INSURANCE COMPANY

<p>HOME FIRE &amp; MARINE Insurance Company</p> <p>OCCIDENTAL Insurance Company</p>	★	<p>FIREMAN'S FUND Indemnity Company</p> <p>OCCIDENTAL Indemnity Company</p>
---	---	---

New York • Chicago • SAN FRANCISCO • Boston • Atlanta

STRENGTH • PERMANENCE • STABILITY

When writing to advertisers please mention Credit & Financial Management



# Legal End of the Dotted Line

(Continued from page 11) even adopt a forged signature."

Most signatures in commercial transactions today are made by agents, by reason of the fact that a large proportion of business is conducted by corporations, which can act only through agents, and even though the business organization be other than the corporate form, much of the work, including signing papers, is delegated to agents. It is therefore important to consider signatures in the light of the law of principal and agent.

## Signatures by Agents

The law recognizes the right of an agent to sign for his principal and the principal is bound by the agent's signature if the agent is duly authorized. And it is sufficient that the agent merely sign the principal's name without indicating by whom the signature is made or the nature of the authorization.<sup>24</sup> Thus it has been held sufficient for an agent or officer of a corporation to sign the corporate name without adding the signature of the signer or indicating his authority.<sup>25</sup> It is a common practice to have the agent make a signature for his principal by signing his own name with the words "on account of" or "on behalf of" or "for" the principal, or by the use of the principal's name "by" the agent.

Often an agent will sign a negotiable instrument and follow his signature with a designation such as "president," "agent" or "trustee" without any indication in the instrument as to who the principal might be. In innumerable cases the courts have held that such designations are merely descriptive terms and the signer binds himself personally.<sup>26</sup> It has even been held that where one signs his name and follows it with a designation "agent for John Smith" or "President of ABC Corporation" the designation is merely descriptive matter and does not indicate an agency.<sup>27</sup> Where the corporate name is placed upon an instrument and this is followed by the signature "A.B., President" the weight of authority holds that the corporation alone is bound thereby<sup>28</sup> but there are decisions holding both corporation and officer liable,<sup>29</sup> while in some cases the courts permit parol evidence to explain the intention of the parties in making the signature.<sup>30</sup>

## Should Show Capacity

Where the agent signs in a case other than that involving a negotiable instrument it is important that the signature indicate the capacity in which the agent signs although parol evidence is generally admissible to show this. Where the contract fails to disclose who the principal is, the principal is liable on and may enforce the contract unless it is a negotiable instrument or an instrument under seal.<sup>31</sup> And this is true in the case of an undisclosed principal, whether or not the signature of the agent indicates that he is signing in a representative capacity. By failure to indicate his agency the agent also becomes liable on the contract and acquires the right to enforce it in his own name.<sup>32</sup> Where an instrument is under seal it is held, in those jurisdictions where the common law rule with regard to seals still prevails, that

## BAD DEBT LOSS SURVEY IN JUNE

Preliminary results of the FIRST ANNUAL BAD DEBT LOSS SURVEY will be presented in next month's issue. This survey is being conducted by the Marketing Research Division of the Bureau of Foreign and Domestic Commerce in cooperation with the National Association of Credit Men.

Approximately 3,500 wholesalers and manufacturers furnished information on their credit sales, bad debt losses, the approximate number of accounts receivable and the number of accounts written off. The Marketing Research Division is adding total net sales from the monthly reports of these firms and is also computing bad debt loss percentages and other pertinent ratios.

The reports are now being edited and tabulated for presentation by industries and trades, and where possible by regions and by size of business.

Your Association feels that the results will be a valuable contribution in the field of credit analysis and that they will prove most helpful to individual firms who desire to check their own performances against the average results which will be shown for other firms in their trade.

the agent alone is liable on, and may enforce, such instrument unless it is clearly indicated that the agent is contracting for his principal and that the signature is the principal's by the agent.<sup>34</sup>

## "Per Proc" Signatures

It is not uncommon to find a negotiable instrument signed by an agent with the designation "per proc." following his name. This indicates that it is a signature by "procuration" which has the legal effect of notifying all to whom the instrument may come that the agent's authority is limited and that the principal will be bound only where the agent acts within the scope of his authority.<sup>35</sup>

Although in the foregoing paragraphs it will be observed that improper signatures may lead to serious complications, it should be obvious that when contracts, orders and other documents are subscribed most signature problems will be avoided. If the other party's autograph is on the agreement, there is no need to worry about the signature's being in compliance with the statute of frauds or with a recording statute and if litigation must be resorted to the autograph carries with it a strong presumption of the authenticity of the writing.

<sup>24</sup> Mondragon v. Mondragon, 113 Tex., 404.

<sup>25</sup> McCall v. Jordan, 200 Iowa, 961.

<sup>26</sup> Matter of Irving, 198 App. Div. (N. Y.), 414.

<sup>27</sup> Conner v. Clark 12 Cal., 168; Hall v. Bradbury, 40 Conn., 32.

<sup>28</sup> Davis v. England, 141 Mass., 587; DeWitt v. Waltman, 9 N. Y., 571.

<sup>29</sup> Falk v. Moebs, 127 U. S., 597.

<sup>30</sup> Bayh v. Hannah, 69 Ind. App., 348.

<sup>31</sup> Bean v. Pioneer Mining Co., 66 Cal., 451.

<sup>32</sup> Everett v. Drew, 129 Mass., 150.

<sup>33</sup> Holliston v. Ernston, 124 Minn., 49; Jacobson v. Lambert, 109 N. J. Eq., 493.

<sup>34</sup> Citizens' National Bank v. Jennings, 35 Ga. App., 553.

<sup>35</sup> Section 21—Uniform Negotiable Instruments Law.

# Credit Congress Committees

## Grand Rapids Lists Aides for Convention

**C**omplete appointments of the personnel of all committees for the 44th annual Credit Congress of the National Association of Credit Men to be held in Grand Rapids, June 11-15, have been announced by R. W. Forwood of the Consumers' Power Company, who is 1939 Credit Congress Chairman.

This 44th meeting of the second largest business organization in the United States will be held under the auspices of the Grand Rapids Association of Credit Men.

The Executive Committee, composed of the chairmen of the various Credit Congress committees, consists of: Charles F. Anderson, Grand Rapids Varnish Co., chairman, Credit Groups; Miss Blanche Crosby, Carpenter Paper Co., chairman, Credit Women's Committee; George Erhardt, Breen & Halladay Fuel Co.; Russell Fairles, National Bank of Grand Rapids, chairman, Bankers' Committee; Charles Foote, Tanglefoot Co.; Frederick K. Luneke, Grand Rapids Bedding Co., chairman, Transportation Committee; Chas. S. MacDonald, Standard Oil Co., chairman, Program & Speakers' Committee; Fred W. Mare, Alabastine Co., chairman, Publicity Committee; Wm. Maurer, American Seating Co.; Floyd Mayo, Bixby Office Supply Co., chairman, Information Committee; Ed. R. Meggs, General Electric Sup. Co., chairman, Hotel & Reservations Committee; Ed. P. Neuman, National Brass Co., chairman, Registration Committee; Fred Olson, Michigan Consolidated Gas Co.; Walter Sack, Grand Rapids City Hall; Mrs. I. C. Spraker, Charles A. Coye, Inc.; Mrs. Mayo Ziegler, Res. 1242 Hope St., chairman, Hostess Committee; Mayo Ziegler, John Widdicomb Co., chairman, Reception Committee; A. F. Zoellner, John K. Burch Co., chairman, Entertainment Committee; Frederick Schrop, Nat'l Ass'n of Credit Men, Credit Congress Director; Edward De Groot, Sec., Grand Rapids Ass'n of Credit Men; R. W. Forwood, Consumers' Power Co., Credit Congress chairman.

The Vice Chairmen of the various committees are: Martin E. Lillie of the Old Kent Bank, Bankers; Miss Lucille Billings of H. Leonard & Sons, Credit Women's; Miss Irene Eberhard of Blue Valley Creamery, Credit Women's; Rodney Schopps of the Pantlind Hotel, Information.

The remaining membership of the committees is as follows:

**Bankers:** William T. Hakken, Central Bank; C. L. Linderholm, Central Bank; C. W. Kuning, Peoples' Nat'l Bank of Grand Rapids; Ralph Willard, Union Bank of Michigan; Henry Verhoek, Old Kent Bank; Eugene Richards, Old Kent Bank; William Bommelje, Old Kent Bank; Ira Moore, Peoples Nat'l Bank; Arthur Wells, Nat'l Bank of Grand Rapids; Victor Stuart, Nat'l

Bank of Grand Rapids; Joseph Brewer, Nat'l Bank of Grand Rapids; Edw. J. Frey, Union Bank of Michigan; Leon Closterhouse, Central Bank; Bernard Fallon, Citizens Independent Bank; Samuel Buckner, Grand Rapids Trust Co.; Henry Worfel, Grand Rapids Trust Co.; Howard Lawrence, Michigan Trust Co.; John McReynolds, Michigan Trust Co.; Thos. Mason, Grand Rapids Mutual Fed. Sav. & Loan Ass'n; Geo. Young, Grand Rapids Mutual Fed. Sav. & Loan Ass'n; Joel Leslie, Mutual Home Fed. Sav. & Loan Ass'n; Harold Swanson, Mutual Home Fed. Sav. & Loan Ass'n.

**Credit Congress:** Geo. E. Osterhouse, Browne-Morse Co.; Geo. Eastwood, Buhl Sons Co.; B. T. Schall, Corduroy Rubber Co.; F. Chas. Werner, Dutch Cookie Machine Co.; J. M. Gould, Employers Mutual Ins. Co.; R. F. Hilbert, Firestone Tire & Rubber Co.; C. L. Frost, Frost & Son, C. L.; Harry A. Lundborg, Good Luck Foods Dist. Co.; C. S. Potts, G. R. Bookcase Co.; B. H. Lotterman, Grand Rapids Dowel Works; G. C. Blickle, Grand Rapids Insurance Agency; W. A. Stewart, Grand Rapids Paper Co.; L. F. Reynolds, Grand Rapids Paper Box Co.; F. McLachlan, Grand Rapids Reserve Supply Co.; D. W. Fish, Grand Rapids Sash & Door Co.; R. Eickenhout, Grand Rapids Steel & Supply Co.; F. H. Caestecker, Graybar Electric Co.; Wm. I. Irwin, Gunn Furn. Co.; J. Van Oss, Hart Mirror Plate Co.; John Mieras, Hekman Biscuit Co.; Martin D. DeWitt, Herpolsheimer Co.; G. A. Young, Imperial Refining Co.; Geo. Stephen, Irwin Co., Robt. W.; Clyde Seiple, Johnson Furniture Co.; O. T. Schubert, Keller, Inc., Wm. H.; Herb Bolhouse, Kindel Furn. Co.; L. R. Klose, Klose Electric Co.; R. T. Schutt, Kreuter Fassen Co.; Forrest Laug, Laug Brothers; C. J. Litscher, Litscher Wholesale Elec. Co.; E. G. Sullivan, Metal Office Furn. Co.; N. P. Brouwer, Michigan Consolidated Gas Co.; V. J. Twyning, Miller Co., J. C.; J. H. Temple, Mills Paper Co., C. W.; Fred E. Hall, Oliver Machinery Co.; Wm. Haarman, Putnam Factory, Nat'l Candy Co.; T. P. Kain, Quimby-Kain Paper Co.; H. N. Clement, Ranney Refrigerator Co.; Robert Marsh, Republic Distributing Co.; C. T. Wheeler, Scudder & Co., Lawrence; R. G. Hogan, Sherwood Hall Co.; W. I. Head, Sun Oil Co., The; Nicholas J. De Young, Toren Printing Co.; John Arehart, Universal Metal Products Co.; Fred N. Rowe, Valley City Milling Co.; Miner Vander Ley, Vander Ley Brothers; E. Verbrugge, Verbrugge Oil Co.; A. Verhey, Verhey Lumber Co.; W. L. Wishmeier, West Michigan Furn. Co.; J. Max Johnson, Wolverine Finishing Materials Co.

**Credit Women's:** Mrs. I. C. Spraker, Coye, Inc.; Chas. A.; Miss Grace A. Barrett, Foster Stevens; Miss Edith Carpenter, Grinnell-Row; Miss Elaine Seekins,



# EMINENT

*W*ORLD LEADERS  
have, by their

patronage, established

The Drake as an address

of distinction. Here re-

lined luxury, thoughtful

service, and choice

location delight the

most discriminating.

Under the same management as the  
internationally famous Gotham,  
New York City; Blackstone, Chicago;  
and Town House, Los Angeles.

A. S. KIRKEY  
Managing Director



## The Drake

LAKE SHORE DRIVE  
CHICAGO

Wm. Iselin & Co.; Mrs. Lavola Dille, Knickerbocker Press; Mrs. Lucille Billings, H. Leonard & Sons; Miss Louise Bierbower, Toledo Plate & Window Glass Co.; Miss Mary Orth, Voigt Milling Co.; Miss Florence Vierheilg, Wolverine Spice Co.; Mrs. Edith M. Moore, Grand Rapids Ass'n of Credit Men; Miss Grace Jacobs, Shaw-Walker Co.; Mrs. Mary E. J. Long, American Coil Spring Co.

*Entertainment:* S. J. Mackley, Cities Service Oil Co.; A. E. Dunn, Dunn Office Equipment Co.; L. J. Gringhuis, Dygert Distributing Co.; Wendell Smith, General Electric Supply Co.; Val. C. Schmidt, Grand Rapids Cabinet Co.; Geo. E. Cowlishaw, Grand Rapids Wood Finishing Co.; J. A. Patterson, Imperial Furn. Co.; Fred E. Olson, Michigan Consolidated Gas Co.; Robert Marsh, Republic Distributing Co.; Walter Sack.

*Hostess:* Mrs. Chas. F. Anderson, Mrs. W. G. Barclay, Mrs. Edw. De Groot, Mrs. Chas. H. Foote, Mrs. Russell W. Forwood, Mrs. George Erhardt, Mrs. Wm. I. Irwin, Mrs. Otto James, Mrs. Claude Jaqua, Mrs. Wm. J. Johnson, Mrs. Fred Luneke, Mrs. Fred Mare, Mrs. Wm. Maurer, Mrs. Chas. S. MacDonald, Mrs. Ed. Neuman, Mrs. Ed. Meggs, Mrs. Fred Olson, Mrs. E. A. Panigot, Mrs. Glenn Sackett, Mrs. Earl G. Sullivan, Mrs. Don J. Thayer, Mrs. Henry Verhoek, Mrs. Chas. McCarthy, Miss Elaine Seekins, Miss Ruth Ehgotz.

*Hotel and Reservations:* Edw. Ellis, Ellis Brothers Co.; J. W. Van Brunt, The Grande Brick Co.; Elmer Christiansen, Michigan Bakeries, Inc.; Phil Jordan, Morton Hotel; Rodney Schopps, Pantlind Hotel; D. C. Johnson, Pittsburgh Plate Glass Co.; O. A. James, Radio Distributing Co.

*Information:* John P. Kremer, Grand Rapids Sample Case Co.; Adrian Vanden Bout, Jr., Hekman Furniture Co.; John Ten Broek, Holcomb Co., A. L.; H. W. Joling, Knape & Vogt Mfg. Co.; F. B. Fehsenfeld, Northwestern Oil Prod. Co.; Thos. P. Freeland, Postal Telegraph & Cable Co.; L. J. Whitten, Raniville Co., F.; E. G. Hornung, Tannewitz Works; Richard Broene, Widdicomb Furniture Co.

*Program and Speakers:* D. G. Thayer, Clipper Belt Lacer Co.; S. Hazenburg, Hopson Co., W. C.; C. A. Woodhouse, Michigan Bumper Co.; W. J. Mikulski, Nichols & Cox Lumber Co.; Don Press, Northwest-

ern Oil Products Co.; Elmer Hurt, Richards Manufacturing Co.; Ralph Willard, Union Bank of Michigan.

*Publicity:* Gus Richter, Central Engraving Company John Oole, Allied Roofing & Insulating Co.; K. K. Hicks, Dean-Hicks Co., The; A. T. McFadyen, Grand Rapids Ass'n of Commerce, J. B. Lemmen, Grand Rapids Press, The; E. L. Burlingame, Heat Equipment Corp.; A. J. Vander Weide, Herald Publishing Co.; C. W. Kuning, Peoples Nat'l Bank of Grand Rapids; Al Tooker, Loose-Wiles Biscuit Company; Edward Quick, Smith, Easton & Quick, Muskegon; L. L. Kowalk, Mills Supply Corporation, Lansing; Ray T. Kieft, A. M. Todd Company, Kalamazoo.

*Reception:* W. G. Barclay, Barclay, Ayers & Bertsch Co.; Geo. E. Smith, Baynes Co., The James; W. J. Wallace, Berkey & Gay Furniture Co.; L. T. Peck, Berkey Furniture Co., Wm. A.; L. M. Bliss, Bliss Manufacturing Co., The; D. L. Cavera, Cavera & Co., David L.; H. F. Cox, Cox Company, H. F.; Jay C. Oom, Economy Office Supply Co.; John L. Popkin, Electric Supply Co.; John E. Bremer, Gast & Son's Co., P. B.; B. F. Gordon, Gordon-Van Cheese Co.; Fred R. May, Grand Rapids Belting Co.; Geo. F. Haney, Haney School Furn. Co.; Earl Herrud, Herrud & Co.; H. E. Harmer, Hoekstra Dairy Products Co.; Edw. A. Mayer, Iselin Co., Inc., William; Claude Jaqua, The Jaqua Co.; Tunis Johnson, Tunis Johnson Cigar Co.; Harry T. Uridge, Kent Storage Co.; J. A. Klise, Klise Manufacturing Co.; C. J. Vande Bunte, Knickerbocker Press; E. H. Idema, Manufacturers' Supply Co.; John P. Otte, Otte Bros. American Laundry; G. A. Redding, International Harvester Co.; Jacob Vanden Berge, Vanden Berge Cigar Co.; John Kotvis, Van Driele & Co.; Nathan Weiner, Weiner Cap Co.; Francis L. Williams, Williams, Stiles & Tubbs; Fred C. Broucek, Wolverine Brass Co.; R. E. N. Arver, Wolverine Shoe & Tanning Co.; Russell Fairles, National Bank of Grand Rapids.

*Registration:* Wm. Ackerman, Ackerman Elec. Supply Co.; H. G. Alofs, Alofs Mfg. Co.; Floyd M. Bair, Bair Oil Co.; Wayne Young, Behler-Young Co.; E. A. Panigot, Blue Valley Creamery Co.; Geo. E. Osterhouse, Browne-Morse Co.; R. L. Knopp, Capitol Electric Supply Co.; W. J. Johnson, Cargill Co.; L. V. Mulnix,

When writing to advertisers please mention Credit & Financial Management

Carpenter Paper Co.; H. J. Brom, Crane Co., The; Walter Sack, City of Grand Rapids; Arnold G. Baldwin, Gibson Refrigerator Co.; Grover C. Good, Globe Knitting Works; L. E. Nykamp, Grand Rapids Fibre Cord Co.; R. D. Mange, Hackley Union Nat'l Bank; Lee Wilson Hutchins, Hazeltine & Perkins Drug Co.; Marion H. Thatcher, Hazeltine & Perkins Drug Co.; Bruce Cleveland, Lakeshore Machinery & Supply Co.; Chas. McCarthy, Lee & Cady Co.; Ed. Kettner, Michigan Hardware Co.; G. W. Walker, Naph-Sol Refining Co.; G. H. Dietrich, Nat'l Lumbermen's Bank; J. R. Harman, C. O. Porter Machinery Co.; Ed. W. Dooge, Rademaker-Dodge Grocer Co.; L. G. Lafferty, Sealed Power Corp.; W. E. Fohlbrook, Service Station Equip. Co.; L. E. Niewold, Seven Paint & Wall Paper Co., John; Jos. Horness, E. H. Sheldon & Co.; Morris Quick, Smith, Easton & Quick, Inc.; Harold H. Nelson, West Michigan Dock & Market Corp.; R. F. Seyferth, West Michigan Steel Foundry Co.; John A. White, J. A. White Dist. Co.; Gerald Banister, Wurzburg's; Nick Buining, Old Dutch Refining Co.; Wm. H. Maurer, American Seating Co.; George Erhardt, Breen & Halladay Fuel Co.; Fred Luneke, Grand Rapids Bedding Company; Russell Fairles, National Bank of Grand Rapids; R. W. Forwood, Consumers' Power Co.; Fred Rudy, Imperial Furn. Co.; R. E. N. Arver, Wolverine Shoe & Tanning Co.; Henry Verhoek, Old Kent Bank; Fred C. Broucek, Wolverine Brass Co.; Herb Bolhouse, Kindel Furn. Co.; Val Schmidt, Grand Rapids Cabinet Co.; D. C. Johnson, Pittsburgh Plate Glass Co.; Glen Sackett, Leitelt Iron Works; A. R. Longfield, Evans & Retting Lbr. Co.; Harley Tinkler, Michigan Lithographing Co.; John Bremer, P. B. Gast & Sons; Fred E. Olson, Michigan Consolidated Gas; Claude Jaqua, The Jaqua Co.; A. Verhey, Verhey Lumber Co.

**Transportation:** B. A. Bouma, Associated Truck Lines, Inc.; J. Wiarda, Automotive Parts Corp.; J. A. Besteman, J. A. Besteman & Co.; J. Vande Bunte, Blackmer Pump Co.; C. L. Thomas, Blue Print Service Shop; N. Ten Hopen, Alfred J. Brown Seed Co.; Martin Van Dam, Central Engraving Co.; H. Van Soest, Electric Service Station; Frank Ball, Etheridge Co.

## Chairmen Named for Industry Groups at Grand Rapids

(Continued from p. 45)

**Footwear:**—E. J. Ball, Chairman, Brown Shoe Co., St. Louis, Mo.

**Furniture, Floor Coverings & Home Furnishings:**—A. W. Dewar, Chairman, Kroehler Manufacturing Co., Naperville, Ill.; Mayo N. Zeigler, Vice-Chairman, John Widdicomb & Co., Grand Rapids.

**Hardware (Manufacturing):**—E. E. Ogren, Chairman, The Stanley Works, New Britain, Conn.

**Hardware (Wholesale):**—T. W. Allen, Chairman, Belknap Hardware and Manufacturing Co., Louisville Ky.; A. J. Buling, Vice-Chairman, The Hamilton Steel Co., Cleveland, Ohio.

**Insurance:**—D. C. Campbell, Chairman, Continental Insurance Co. of New York, Chicago, Ill.; Raymond L. Ellis, Vice-Chairman, The Fireman's Fund Insurance Co., San Francisco; J. Alfred Fleming, Vice-Chairman, National Board of Fire Underwriters, New York City; J. Dillard Hall, Vice-Chairman, The United States Fidelity & Guaranty Co., Baltimore; H. J. Lowry, Vice-Chairman, Michigan Mutual Liability Co., Detroit, Michigan; G. H. McClure, Sec'y-Treas., Lumbermen's Mutual Casualty Co., Chicago, Ill.

**Iron & Steel:**—B. G. McGrew, Chairman, Scully Steel Products Co., Cleveland, Ohio and J. G. Holland, Vice-Chairman, Moore-Handley Hardware Co., Birmingham, Alabama.

**Meat Packing:**—R. A. Carrier, Chairman, Agar Packing & Provision Corp., Chicago, Ill.

**Machinery and Supplies:**—R. D. Andrew, Chairman, American Blower Corp., Detroit, Mich.

**Paint, Varnish, Lacquer and Wallpaper:**—H. E. Rhell, Chairman, John T. Lewis & Bros. Co., Philadelphia, Pa.

**Paper Products & Converters:**—H. L. Brunner, Chairman, Central Fibre Products Co., Chicago, Ill.; R. K. Stoltz, Vice-Chairman, American Box Board Co., Grand Rapids.

**Petroleum:**—B. W. Atwood, Chairman, Shell Union Oil Corp., New York City; H. E. Batcher, Cities Service Oil Co., Chicago, Vice-Chairman.

**Plumbing and Heating:**—W. W. Loop, Chairman, The Grinnell Co., St. Louis, Missouri; E. G. Hurt, Vice-Chairman, Richards Mfg. Co., Grand Rapids, Mich.

**Public Utilities:**—Harry J. Offer, Chairman, Detroit Edison Co., Detroit, Mich.; R. Wm. Peterson, Western Vice-Chairman, Puget Sound Power & Light Co., Seattle, Wash.; F. D. Hayes, Eastern Vice-Chairman, West Penn Power Co., Pittsburgh, Pa.; Milton F. Williams, Central Vice-Chairman, New Orleans Public Service Co., New Orleans, La.

**Stationery, Publishing, School & Office Supplies:**—Earl G. Sullivan, Chairman, Metal Office Furniture Co., Grand Rapids.

**Textiles:**—Wm. G. Betsch, Chairman, Wm. Iselin & Co., Inc., New York, N. Y.

**Cement Manufacturers (Joint Meeting Eastern and Central Groups):**—S. L. Cribari, Chairman, Central Group, Assistant Treasurer, Marquette Cement Mfg. Co., Chicago, Ill.; W. W. Jenkins, Chairman, Eastern Group.



## Grand Rapids, Michigan

**The Northern Assurance Company, Ltd., congratulates the National Association of Credit Men on its 44th annual Convention.**

It compliments the N.A.C.M. on its 44th year of achievement in strengthening the credit structure of the country. It further wishes the membership of the N.A.C.M. continued success in their constructive efforts to protect business against credit loss. We believe one of its outstanding achievements has been the insurance statement form recently approved.

Northern Assurance agents appreciate these insurance educational efforts and will be happy to assist members of the N.A.C.M. in the furtherance of this work. The Northern Assurance Company, Ltd., is in its 103rd year of world-wide operation. It celebrates, this year, its 85th Anniversary in this Country.

There is a Northern Assurance agent in your city. If you do not know his name and address we will be glad to supply it upon request.

## NORTHERN ASSURANCE CO., LTD.

135 William St., New York

Chicago

San Francisco



**FIRE INSURANCE AND ALLIED LINES**

*Ask anywhere in the World what reputation the Northern of London bears.*

When writing to advertisers please mention Credit & Financial Management



# Review of Wholesaling in 1938

## How Middlemen Fared in Sales Totals

By J. Harold Stehman, Acting Chief Market Data Section  
Bureau of Foreign and Domestic Commerce

**THE** picture of wholesaling for 1938 is not so bright as one as was presented on these pages about a year ago. At that time there was noted a substantial increase for the year 1937 as compared with the previous year.

During 1938 the total sales of service and limited-function wholesalers aggregated 19,023 million dollars. This was a decline of slightly more than 14 per cent from the 1937 volume of 22,220 million dollars and is more than 6 per cent below the 1936 level.

This decline more than canceled the 10 per cent gain recorded last year when sales reached the highest level for any year since 1929. Since the depression low volume of slightly less than 13 billion dollars in 1933, wholesale trade steadily improved until 1938. Last year's recession placed the dollar value of sales at 66 per cent of the 1929 peak as compared with the 77 per cent attained in 1937 and the 70 per cent registered in 1936.

A decline of nearly 9 per cent in the general wholesale price level indicates that the quantity of goods sold at wholesale during 1938 was off considerably less than were dollar sales. In general, farm products and certain consumer goods such as food and textile products, which in total make up a large proportion of the sales of service wholesalers, suffered price declines which were much greater than the general average.

The first four months of 1938 witnessed rather severe sales losses for wholesalers in practically all trades. In the following months, however, the rate of decline leveled off, and it is estimated that sales during the first six months of the year were about 17 per cent below the corresponding period of 1937.

During the last quarter of the year a much improved trend was noted with several trades showing gains over the last quarter of the previous year. The Tobacco, Meat, Shoe, Leather and Chemical trades were the most important groups to markedly reflect better sales positions in this respect. It should be noted that the first substantial effects of the recession in wholesale trade, as reflected by sales volumes below the previous year, were felt during November and December of 1936. This last quarter improvement was sufficient to narrow the decline for the entire year to about 14½ per cent.

Monthly sales reports from a sample group of distributors in all trades indicate the geographical distribution of the total losses for the year which are estimated as follows:

Regions *	Per Cent Decline (1938 from 1937)
New England	14.5
Middle Atlantic	15.5
East North Central	18.0
West North Central	7.0
South Atlantic	13.5
East South Central	14.5
West South Central	10.5
Mountain	15.0
Pacific	14.0

It is seen from these figures that wholesalers' sales in the Middle Atlantic, East North Central and Mountain regions apparently declined somewhat more than the United States average. The most favorable relative showing was made by the West North Central area where sales were off only about half the national average, followed by the West South Central states with a decline of 10½ per cent. The remaining regions sustained approximately average declines.

The Amusement and Sporting Goods trade was the only one for which sales are estimated to show an increase over 1937. This trade reported an especially good year as compared with other kinds of wholesalers, and showed a gain of 8 per cent. This trend is probably the effect of several influences such as the growing enthusiasm for ice skating developed by Sonja Heine, the growth of skiing as an "every man's" sport, and similar recreations.

The sales of all other kinds of business represented showed declines from 1937 with losses ranging down to the drop of almost 28 per cent shown for distributors of Metals and Metal Work. Among the sharper decreases was that of 27 per cent recorded for Electrical Goods wholesalers, the 26 per cent decline for distributors of Machinery Equipment and Supplies, and the losses of 20

\* The states comprising geographic divisions are as follows:  
New England—(Conn., Me., Mass., N. H., R. I., Vt.)  
Middle Atlantic—(N. J., N. Y., Pa.)  
East North Central—(Ill., Ind., Mich., Ohio, Wisc.)  
West North Central—(Iowa, Kans., Minn., Mo., Nebr., N. Dak., S. Dak.)  
South Atlantic—(Del., D. C., Fla., Ga., Md., N. Car., S. Car., Va., W. Va.)  
East South Central—(Ala., Ky., Miss., Tenn.)  
West South Central—(Ark., La., Okla., Texas)  
Mountain—(Ariz., Colo., Idaho, Mont., Nev., N. Mex., Utah, Wyo.)  
Pacific—(Cal., Ore., Wash.)

per cent shown by wholesalers of Coal and Coke, Jewelry and Optical Goods, and Plumbing and Heating Supplies.

The smallest relative declines were those of Liquor and Tobacco wholesalers. The sales volume for both of these trades was about 2 per cent below 1937 levels. Sales of drug and general merchandise wholesalers showed moderate declines of about 6 per cent each.

While the total volume of trade for 1938 was only 66 per cent of the 1929 peak, two of the kinds of business reported maintained sales volumes above their respective levels for that year. These were the Tobacco and Waste Materials trades which recorded levels of 103 per cent and 104 per cent of their 1929 volumes. The relatively moderate decline in the sale of wholesale druggists resulted in aggregate sales which were 99 per cent of that trade's 1929 dollar volume.

Several trades were noticeably below their 1929 volumes and seem to be experiencing a very slow rate of return toward their pre-depression levels. Among these are the Metals and Metal Work trade (45 per cent), Farm Products—raw materials (46 per cent), Jewelry and Optical Goods (52 per cent), and Dry Goods (53 per cent).

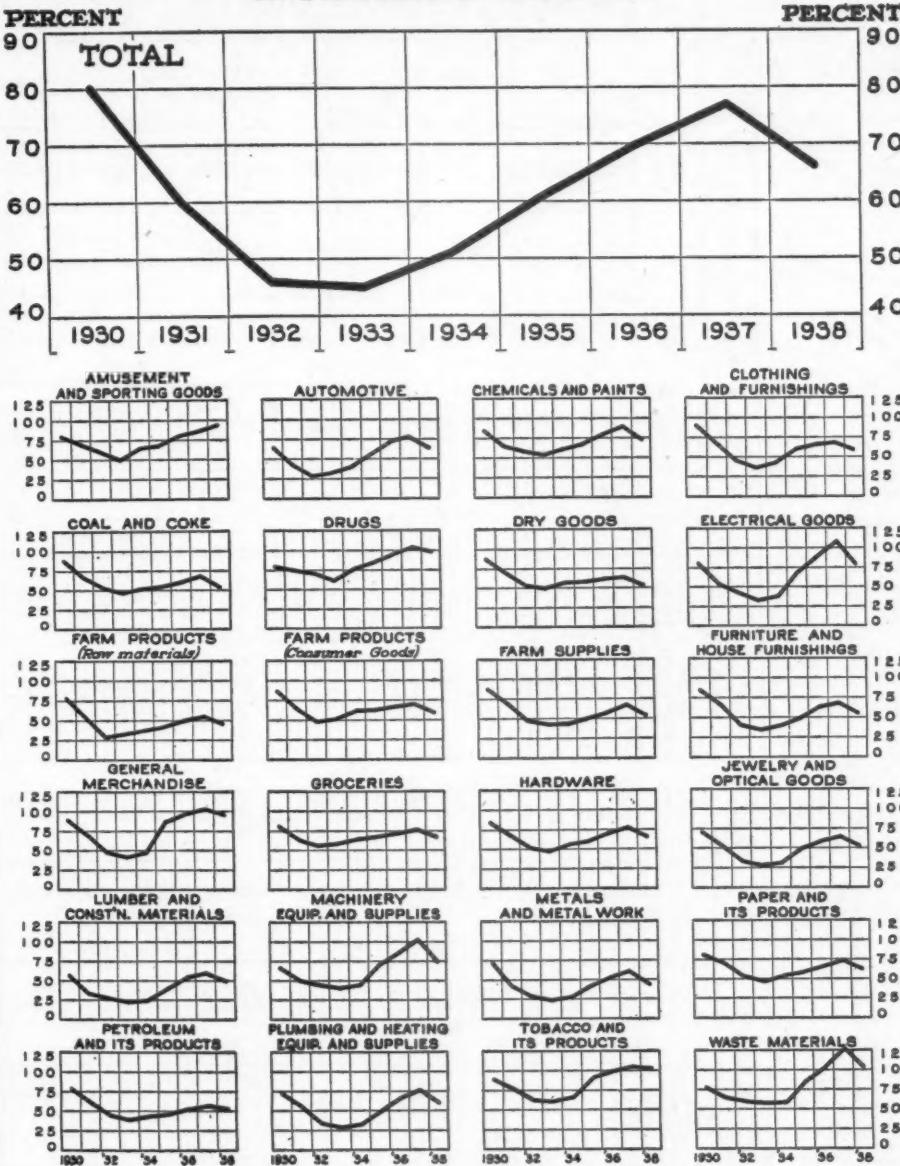
While last year's figures showed generally larger gains for Durable Goods lines, the reverse was true during 1938, the trades in this category suffering somewhat greater losses than were shown for most consumer goods trades.

No estimates are being made this year for the various types of wholesale operation because of the relatively small amount of information on which to base such figures. The projection of these data from the last complete census, which covered the year 1935, would result in rather questionable figures.

In presenting these estimates of the sales of service wholesalers, by kind of business, every effort has been made to follow the Census of 1935 classifications and keep the figures for all other years comparable to those groupings.

The figures for the years 1929, 1933 and 1935 are actual figures taken from the business censuses published by the Bureau of the Census. Data for the other years are estimates of the Marketing Research Division of the Bureau of Foreign and Domestic Commerce.

NET SALES OF SERVICE AND LIMITED FUNCTION WHOLESALESA BY KIND OF BUSINESS, 1930 TO 1938 (inc) IN PERCENT OF 1929 SALES



Prepared in the Market Data Section, Marketing Research Division, Bureau of Foreign and Domestic Commerce, DEPARTMENT OF COMMERCE

D.O. 9191

The bases of these estimates consist of analyses of general business indexes, and current trade series. The sales of wholesalers and of manufacturers reported to the Bureau of Foreign and Domestic Commerce during 1938 for its monthly joint study in cooperation with the National Association of Credit Men, together with numerous other governmental and non-governmental series served to determine the direction and rate of change of these sales estimates in the different trades.

Graphic comparisons and correlations of wholesale sales with general business indexes, such as production data, consumption data, and wholesale price changes, all of which reflect the fundamental conditions of an industry, also afforded a means for determining the trend of sales for each wholesale trade group. Estimates for the kinds of business within each major trade group were weighted to allow for varying rates of changes within the group so as to obtain more appropriate group totals.



Estimated Sales of Service and Limited-Function Wholesalers<sup>1</sup> By Kind of Business, 1929 to 1938, Inclusive

(With revisions of figures previously published for the years 1936 and 1937)

Type of Operation and Kind of Business	(Add 000,000)						Percent change 1938 over 1937 Estimated	Percentage of 1929 (1929=100)								
	1938 Estimated	1937 Estimated	1936 Estimated	1935 Actual	1933 Actual	1929 Actual		1938 Est.	1937 Est.	1936 Est.	1935 Actual	1934 Est.	1933 Actual	1932 Est.	1931 Est.	1930 Est.
Service and limited-function wholesalers—total.....	\$19,023	\$22,220	\$20,293	\$17,662	\$12,891	\$28,899	-14.4	66	77	70	61	51	45	46	60	80
Amusement and sporting goods.....	163	151	140	117	86	173	+ 8.0	94	87	81	68	64	50	60	70	80
Automotive.....	887	1,075	900	780	438	1,353	-17.5	64	73	72	56	40	32	29	43	65
Beer, wines and liquors <sup>2</sup> .....	951	970	900	699	228	—	- 2.0	—	—	—	—	—	—	—	—	—
Chemicals and paints.....	303	370	325	275	225	413	-18.0	73	90	79	67	61	54	53	65	85
Clothing and furnishings.....	648	754	740	649	407	1,104	-14.0	59	68	67	59	43	37	45	68	91
Coal and coke.....	366	457	415	369	317	677	-20.0	54	68	61	55	52	47	53	67	89
Drugs and drug sundries (full line and specialty lines).....	528	559	515	447	334	535	- 5.5	99	104	96	84	76	62	71	80	90
Dry goods (full line and specialty lines).....	916	1,090	1,065	986	845	1,714	-16.0	53	64	62	58	57	49	53	70	88
Electrical goods.....	674	823	750	577	276	847	-27.0	80	109	89	68	33	33	43	65	81
Farm products (raw materials).....	1,091	2,050	1,797	1,562	1,240	3,698	-17.5	46	55	49	43	38	34	30	54	73
Farm products (consumer goods).....	1,852	2,153	2,060	1,941	1,575	3,062	-14.0	60	70	67	63	62	51	49	65	87
Farm supplies.....	312	380	325	282	246	568	-18.0	55	67	63	50	44	43	48	69	88
Furniture and house furnishings.....	275	335	310	243	175	495	-18.0	56	68	63	49	40	35	42	67	85
General merchandise.....	401	427	405	362	175	417	- 6.0	96	102	97	87	47	42	48	70	89
Groceries and foods (full line and specialty lines).....	3,600	4,100	3,900	3,637	3,109	5,357	-10.0	68	76	72	68	65	58	58	65	82
Hardware.....	472	548	503	428	339	716	-14.0	66	77	70	60	56	47	52	69	85
Jewelry and optical goods.....	198	248	225	181	105	380	-20.0	52	65	59	48	31	28	34	53	72
Lumber and construction materials.....	607	736	680	492	279	1,223	-17.5	50	60	53	40	24	23	27	33	57
Machinery equipment and supplies.....	895	1,210	1,025	826	484	1,188	-26.0	75	102	86	70	45	41	45	50	67
Metals and metal work (except scrap).....	305	430	350	282	159	672	-27.5	45	62	52	42	27	24	29	43	72
Paper and its products.....	448	521	465	409	332	704	-14.0	64	74	66	58	54	47	54	71	81
Petroleum and its products <sup>3</sup> .....	151	164	152	132	115	290	- 8.0	52	57	53	46	44	40	45	62	79
Plumbing and heating equipment and supplies.....	304	380	331	243	143	498	-20.0	61	76	66	49	33	29	35	56	72
Tobacco and its products (except leaf).....	882	900	850	783	526	858	- 2.0	103	105	99	91	66	61	63	77	90
Waste materials.....	489	600	480	400	272	472	-18.5	104	127	102	85	59	58	60	65	78
All other.....	615	699	635	550	461	1,423	-12.0	43	49	45	39	35	32	46	57	70

<sup>1</sup>Service and limited-function wholesalers, formerly designated as wholesalers proper, consist of more or less regular wholesalers in domestic and foreign trade who take title to the goods they buy and sell and are largely independent in ownership. This group embraces the following classes: wholesale merchants including jobbers; voluntary group wholesalers; converters; exporters; importers; industrial distributors; cash and carry wholesalers; drop shippers or desk jobbers; mail-order or catalog wholesalers; and wagon distributors. The definition of each class can be found in Census of Business, Volume I, Wholesale Distribution, Bureau of the Census.

<sup>2</sup>Prior to 1935 Wholesale Census, this group, aside from liquors, was included with "All other products" classification. In view of the new classification in 1935, the 1933 and 1934 data for beer, wines, and liquors were taken from "All other products" group and placed in the new 1935 classification, thus reducing "All other products" group by that amount.

<sup>3</sup>Figures for this group have been adjusted from 1935 back to 1929 because of changes in several establishments handling gasoline. Independent distributors handling a full line of petroleum products with emphasis on gasoline were classified as bulk tank stations, while distributors specializing in oils and greases were classified as full service and limited function wholesalers. Thus the total service and limited function wholesale sales for the entire series, prior to 1935 is reduced by the amount transferred to the bulk tank stations.

# The business thermometer:

## 1939 wholesaling up in 1st quarter over 1938

**CM** Total sales of service and limited-function wholesalers amounted to \$4,600,000,000 during the first three months of 1939 according to estimates prepared by the Marketing Research Division, Bureau of Foreign and Domestic Commerce. This sales volume exceeded the total of \$4,400,000,000 estimated as the value of sales during the first three months of 1938, but was still more than 14 percent below the \$5,366,000,000 recorded during the comparable period of 1937.

However, the first quarter of 1937 was one of the most highly successful periods in recent years, coming just prior to the business peak which it is generally agreed occurred in the spring of that year. Conversely the January-to-March period last year just preceded the low point of the 1938 recession. Consequently, it may be said that wholesale trade has regained approximately 20 percent of the dollar sales volume lost between the high point and the low point of the last business cycle.

It might be pointed out that one of the encouraging signs in the 1939 first quarter

sales increase was the steadiness shown from month to month. January 1939 sales were 4.4 percent above January 1938, February sales were up 4.3 percent from last February, while during March, sales increased 4.8 percent over the previous March. This steadiness seemed to indicate an underlying healthiness in the present recovery movement, which is not characterized by abnormal fluctuations resulting from inventory speculation or other causes which frequently lay the groundwork for future declines.

March sales were slightly more favorable than the record for the first quarter, being 5 percent above last March and 13½ percent under March 1937. (This compared with a first quarter decline of over 14 percent from 1937). However, March 1938 registered an increase of 7 percent over March 1936 and 20 percent over March 1935.

The 5 percent increase in sales over last year recorded during March does not give a true picture of the relative amount of goods passing through the hands of wholesale merchants. The general wholesale price index for March 1938 was more than 9 percent below March 1938, and 12

percent under March 1937.

While direct application of this index to the sales volume may not be made it is certain that the quantity of goods currently passing through wholesale channels is well in excess of 1938 levels.

## Mfrs. sales rose 10% in '39 over 1st quarter '38

Manufacturers' sales for the first three months of 1939 were 10 percent above the comparable period of 1938. Wide variation existed among the industries for which data are separately shown, percentage changes ranging from an increase of 43 percent for the Iron and Steel Products industry to a decline of 5 percent for Petroleum products.

In general, producers of raw materials and durable goods registered the sharpest sales increases over the previous year. In addition to the substantial increases reported by the Iron and Steel Products industry, manufacturers of Motor Vehicle Parts recorded a rise of 41 percent in sales, Non-ferrous Metals 36 percent, and Rubber Products 32 percent.

## MANUFACTURERS' sales and collections on accounts receivable, March 1939

Industry	March Dollar Sales				Sales for 3 Mos. 1939			Collection Percentages*				Total Accounts Rec.	
	Number of firms	Percent change Mar. 1939 from		March 1939 (000's)	Number of firms	Percent change from 3 Mos. '38	Three Mos. 1939 (000's)	Number of firms	Mar. 1939	Mar. 1938	Feb. 1939	Percent change Mar. 1, 1939 from	
		Mar. 1938	Feb. 1939									Mar. 1, 1938	Mar. 1, 1939
Food and kindred products, total.....	429	- 0.2	+16.4	\$75,078	397	+ 1.9	\$192,485	302	133	132	115	+ 3.7	+ 5.3
Confectionery.....	313	+ 2.4	+ 3.9	19,230	205	+ 1.0	53,974	117	134	140	119	+ 4.6	+ 2.0
Flour, cereals and other grain mill prod..	29	-18.2	+18.9	6,711	26	-14.8	10,824	26	148	166	137	- 8.9	+ 7.1
Meat packing.....	27	+ 6.2	+ 9.7	7,280	24	+ 0.0	14,016	24	171	170	167	+ 6.4	+ 1.2
Distilled liquors.....	6	+ 5.4	+28.4	2,519	5	+ 1.7	6,259	6	88	89	72	+10.5	- 0.2
Malt liquors.....	12	+ 5.2	+32.2	3,375	10	+ 0.7	17,039	11	141	153	126	+11.9	+ 4.9
Wine.....	31	+ 5.4	+12.7	1,168	27	+10.7	3,239	22	60	59	55	+10.8	- 1.9
Other food products, total.....	111	- 0.2	+22.6	31,298	100	+ 5.1	81,134	96	139	128	116	+ 2.7	+ 8.7
Textiles and their products, total.....	128	+10.0	+20.6	27,282	120	+ 9.3	64,851	119	74	66	66	- 2.8	+ 7.9
Clothing, men's, except hats.....	33	+18.7	+50.6	4,894	31	+10.2	11,074	30	56	50	50	-10.0	+ 4.9
Clothing, women's, except millinery.....	21	+ 7.1	+24.7	1,286	19	- 0.9	2,670	20	72	69	67	- 8.3	+19.8
Knit goods.....	10	+24.6	+29.4	1,294	10	+19.7	5,338	10	81	69	69	- 6.4	+15.6
Other textile products.....	64	+ 8.6	+13.4	18,728	60	+ 8.5	45,369	59	78	71	70	+ 0.1	+ 7.2
Forest products, total.....	73	+10.7	+17.4	4,752	72	+14.8	12,283	69	68	62	62	+ 5.9	+ 9.9
Furniture.....	41	+ 7.4	+15.7	3,024	40	+ 9.5	7,819	37	62	59	57	+ 1.1	+ 9.1
Lumber, timber, and other miscellaneous forest products.....	32	+17.0	+20.6	1,728	32	+25.5	4,404	32	82	69	73	+17.5	+11.8
Paper and allied products, total.....	125	+ 9.3	+12.5	17,332	111	+ 5.2	45,884	114	81	75	73	- 0.8	+ 4.3
Paper, writing, book, etc.....	26	+12.7	+14.3	2,324	25	+11.5	6,336	18	82	78	72	+ 9.3	- 2.2
Paper, boxes and other paper products..	63	+10.1	+17.1	10,455	60	+ 3.5	25,947	62	105	103	95	+ 4.0	+ 4.9
Wall paper.....	22	+ 4.0	-16.7	1,508	22	- 4.8	5,601	21	27	26	27	-13.2	+ 8.3
Wax paper.....	14	+ 7.6	+16.0	3,457	4	+15.0	8,000	13	108	100	95	+ 5.5	+ 0.7
Printing, publishing and allied industries.....	66	+ 1.5	+15.4	3,724	62	- 1.0	7,422	60	67	67	60	+12.5	+ 2.6
Chemicals and allied products, total.....	129	+11.3	+23.4	13,901	120	+13.5	36,107	118	63	60	61	+ 6.0	+ 4.9
Paints and varnishes.....	67	+ 8.2	+35.6	4,295	64	+14.3	11,118	63	46	45	45	+ 6.5	+ 3.1
Pharmaceuticals and proprietary medicines	24	+16.9	+ 8.7	2,237	22	+13.5	6,497	23	69	64	63	+ 4.6	- 3.7
Other chemical products.....	38	+11.6	+22.0	7,369	34	+13.1	18,492	32	80	75	79	+ 6.0	+11.1
Petroleum.....	18	- 4.2	+14.0	51,823	18	- 4.9	146,436	15	100	99	91	- 2.8	- 0.2
Rubber products.....	14	+25.9	+24.4	3,077	14	+31.9	8,067	13	51	54	48	+23.5	+ 8.2
Leather and its products, total.....	108	+14.4	+ 9.3	28,000	107	+14.9	76,704	95	51	48	53	+ 8.0	+15.3
Boots and shoes.....	42	+10.5	+14.4	20,404	42	+10.8	54,056	38	43	41	42	+ 8.8	+20.1
Leather: tanned, curried, and finished...	42	+28.5	- 5.2	6,537	41	+26.7	19,919	36	85	78	93	+ 2.3	- 2.6
Other leather products.....	24	+15.0	+19.8	1,059	24	+23.2	2,729	21	83	79	71	+27.8	+ 8.0
Stone, clay and glass products.....	57	+10.0	+31.6	9,516	56	+12.3	23,790	55	82	79	75	+ 5.6	+ 2.0
Iron and steel and their products, total.....	168	+38.8	+16.7	50,250	160	+43.4	132,347	157	89	85	85	+31.8	+ 0.6
Hardware.....	16	+34.4	+26.1	3,457	16	+20.8	9,083	15	77	78	72	+15.2	- 2.6
Stoves, ranges, steam heating apparatus.	24	+18.3	+29.3	2,297	23	+ 5.4	5,670	24	62	66	53	+ 7.6	+ 0.5
Other iron and steel products.....	128	+40.4	+15.4	44,496	121	+49.1	117,594	118	92	87	88	+35.6	+ 0.9
Non-ferrous metals and their products, total.	56	+37.4	+15.2	11,324	53	+36.3	27,207	53	80	68	69	+16.9	+ 4.1
Jewelry and jewelers' supplies.....	28	+43.7	+12.2	5,052	27	+37.5	13,446	26	76	60	62	+17.2	+ 3.9
Other non-ferrous metals.....	28	+32.8	+17.7	6,272	26	+35.1	13,761	27	84	75	76	+16.5	+ 4.3
Machinery, not including transportation equipment, total.....	219	+10.2	+18.6	40,294	208	+ 7.1	108,058	193	64	61	57	+ 2.4	+ 1.4
Electrical machinery, apparatus and sup.	98	+16.1	+13.0	23,173	92	+15.0	64,790	84	66	64	58	+10.0	- 0.2
Other machinery, apparatus and sup....	121	+ 3.1	+27.0	17,121	116	- 2.9	43,268	109	61	58	55	- 7.4	+ 4.1
Motor-vehicle parts.....	49	+38.7	+16.6	5,820	45	+41.4	16,261	46	82	76	80	+28.0	- 1.0
Miscellaneous industries.....	76	+ 8.3	+20.6	10,996	73	+12.7	27,947	67	79	78	74	+15.6	+ 3.8
Total.....	1,715	+ 9.9	+16.6	352,169	1,616	+10.3	925,849	1,476	83	79	76	+ 7.6	+ 4.5

\*Collection percentages are obtained by dividing collections by accounts receivable for an identical group of firms.



The two outstanding industries manufacturing non-durable consumption goods registered a relatively poor sales comparison with the first three months of 1938. Manufacturers of Petroleum Products re-

ported a sales decline of 5 percent, while the Food and Kindred Products industry sales were up only 2 percent. The relatively poor showing made by these industries is accounted for in a large part by

the fact that sales of non-durable consumption goods held up rather well during the early part of 1938 when other industries were registering extremely sharp declines.

## WHOLESALESAERS' sales and inventories, March 1939

Kind of Business	March Dollar Sales				Sales For 3 Mos. 1939			End of Month Inventories (Cost)			Stock-Sales Ratios <sup>#</sup>			
	Number of Firms reporting sales	Percent change Mar. 1939 from		March 1939 (000's)	Number of Firms reporting sales	Percent change from 3 Mos. 1938	First 3 Mos. 1939 (000's)	Number of Firms reporting stocks	Percent change Mar. 1939 from		March 31, 1939 (000's)	Mar. 1939	Mar. 1938	Feb. 1938
		Mar. 1938	Feb. 1939						Mar. 1938	Feb. 1939				
Automotive supplies.....	215	+ 8.1	+15.8	\$3,336	147	+ 9.1	6,796	105	-10.1	- 1.9	4,196	254	304	315
Chemicals.....	16	+18.9	-21.3	901	12	+17.9	2,170	12	- 5.5	- 2.7	512	74	92	94
Paints and varnishes.....	38	+ 3.7	+38.7	1,808	25	+ 6.1	3,911	15	- 5.0	0.0	797	251	272	422
Clothing and furnishings, except shoes.....	50	+ 5.6	+36.0	2,745	22	+ 5.2	4,558	29	-10.3	+ 1.6	1,343	143	170	217
Shoes and other footwear.....	43	- 0.6	+28.6	12,864	37	+ 6.5	32,033	27	- 5.6	- 9.0	7,444	122	118	173
Coal.....	13	+13.6	+ 2.2	3,274	12	+ 8.1	9,999	4	+ 8.5	- 9.5	1,731	67	69	79
Drugs and drug sundries <sup>##</sup> .....	72	+ 8.0	+12.2	8,327	66	+ 6.9	23,540	47	- 2.5	0.0	9,643	196	218	225
Dry goods.....	130	+ 6.5	+19.6	12,267	96	+ 6.8	25,388	80	- 8.6	+ 0.5	21,890	243	276	286
Electrical goods.....	351	+ 9.8	+16.8	18,774	304	+10.2	45,737	291	- 7.7	+ 5.8	20,957	127	152	139
Farm products (consumer goods).....	106	- 0.8	+19.9	4,238	49	- 9.0	8,317	65	+ 0.7	+ 0.1	1,227	53	55	66
Farm supplies.....	7	- 4.2	+191.0	1,452	5	- 8.7	2,363	—	—	—	—	—	—	—
Furniture and house furnishings.....	53	+10.3	+29.0	3,477	37	+14.0	6,989	28	- 9.7	+ 2.1	4,961	205	254	265
Groceries and foods, except farm products.....	774	- 0.7	+17.0	53,545	629	- 2.1	133,459	435	- 6.4	+ 0.7	46,075	154	163	151
Meats and meat products.....	71	+14.5	+ 7.6	12,363	35	+14.3	33,146	48	+ 5.8	+ 1.7	1,687	47	48	51
Wines and spirituous liquors.....	32	+ 8.1	+20.2	2,549	16	-23.0	6,117	22	- 2.9	- 0.3	4,026	182	201	221
Total hardware.....	460	+ 6.4	+28.8	25,211	381	+ 7.0	66,420	290	- 6.3	+ 0.9	54,590	276	311	351
General hardware.....	161	+ 2.7	+30.9	15,150	146	+ 4.1	43,851	104	- 6.2	+ 1.1	40,158	297	322	380
Heavy hardware.....	23	+16.6	+27.8	1,185	20	+ 6.2	2,535	13	- 4.0	+ 0.2	1,963	241	300	319
Industrial supplies <sup>*</sup> .....	138	+14.0	+19.7	4,852	119	+15.5	12,048	84	- 7.8	+ 1.4	7,996	243	304	291
Plumbing and heating supplies.....	138	+13.2	+31.6	4,024	96	+11.8	7,986	84	- 5.5	- 0.8	4,873	210	252	281
Jewelry and optical goods.....	55	+33.8	+22.9	1,509	39	+30.9	2,852	29	-13.3	+ 4.0	2,811	326	308	426
Lumber and building materials.....	43	+ 0.4	+35.2	2,499	39	+ 6.4	5,984	25	+ 0.7	+ 0.9	2,768	178	181	245
Machinery, equipment and supplies, except electrical.....	70	- 1.6	+20.9	2,175	34	- 9.8	4,717	38	- 7.0	- 0.7	3,453	240	256	279
Surgical equipment and supplies.....	25	+ 8.8	+11.7	609	31	+10.2	1,619	18	+ 4.2	+ 0.2	626	168	171	187
Metals.....	25	+13.7	+22.0	2,435	22	+17.8	6,295	17	-12.6	+ 0.6	4,212	228	317	233
Paper and its products.....	100	+ 6.0	+16.9	4,721	66	+ 6.4	10,729	49	- 2.3	+ 1.4	4,053	162	174	187
Petroleum.....	15	+10.4	+13.1	4,901	13	+13.9	14,045	8	- 2.9	+ 6.0	1,801	76	83	89
Tobacco and its products.....	191	+ 2.6	+14.8	14,636	158	+ 2.0	32,401	73	- 7.0	+ 0.4	4,212	56	62	65
Leather and shoe findings.....	13	0.0	+14.2	273	12	+11.9	697	—	—	—	—	—	—	—
Miscellaneous.....	64	+11.5	+18.0	6,299	32	+13.7	16,511	53	-12.1	-10.7	5,206	117	134	150
Total.....	2,042	+ 4.8	+19.4	\$210,188	2,320	+ 4.9	\$506,793	1,811	- 6.6	+ 0.4	\$206,751	167	186	200

\*This heading also includes distributors of mill, mine and steam supplies.

-Insufficient data to show separately.

<sup>#</sup>These Stock-Sales Ratios are percentages obtained by dividing Stocks by Sales for an identical group of firms.

<sup>##</sup>Total Sales, including liquors, wines, etc.

## WHOLESALESAERS' accounts receivable and collections, March 1939

Kind of Business	Number of firms reporting	Collection Percentages*			Total Accounts Receivable		
		Mar. 1939	Mar. 1938	Feb. 1939	Percent change March 1, 1939 from		As of Mar. 1, 1939  (000's)
					Mar. 1, 1938	Feb. 1, 1939	
Automotive supplies.....	168	63	56	57	+ 1.5	- 1.9	3,370
Chemicals.....	15	69	60	63	+16.7	+ 5.5	1,192
Paints and varnishes.....	36	50	50	46	+ 2.5	+ 2.8	2,738
Clothing and furnishings, except shoes.....	47	55	45	47	-11.6	+21.6	3,556
Shoes and other footwear.....	40	43	40	38	+ 4.7	+18.5	11,884
Coal.....	13	73	68	67	+ 4.2	- 4.3	4,766
Drugs and drug sundries.....	61	75	72	71	+ 3.4	- 3.6	7,914
Dry goods.....	114	47	44	42	+ 0.2	+ 0.9	21,440
Electrical goods.....	320	71	72	67	+ 4.0	+ 4.7	21,707
Farm products (consumer goods).....	86	137	138	127	+ 1.9	+ 4.9	2,385
Farm supplies.....	5	165	144	97	-27.1	+15.0	399
Furniture and house furnishings.....	43	54	55	49	+11.4	+ 4.3	4,871
Groceries and foods, except farm products.....	599	98	98	89	- 3.1	0.0	39,518
Meats and meat products.....	59	139	179	171	+45.1	+28.7	8,492
Wines and spirituous liquors.....	27	85	92	74	+10.8	- 5.3	2,424
Total hardware group.....	424	51	50	48	+ 2.0	+ 3.6	41,559
General hardware.....	149	47	47	45	- 0.5	+ 5.2	28,305
Heavy hardware.....	22	72	65	64	- 0.6	+ 4.8	1,384
Industrial supplies**.....	123	63	62	58	+11.4	- 0.1	5,826
Plumbing and heating supplies.....	130	53	51	49	+ 6.6	- 0.3	6,044
Jewelry and optical goods.....	45	23	20	22	- 0.9	0.0	3,266
Lumber and building materials.....	40	60	59	56	+ 8.0	+ 2.7	2,927
Machinery, equipment and supplies, except electrical.....	58	51	50	45	- 9.4	+ 1.0	2,905
Surgical equipment and supplies.....	33	49	47	45	+ 5.2	- 0.7	1,086
Metals.....	24	84	75	78	+ 2.3	+ 8.4	2,527
Paper and its products.....	85	63	66	62	+ 6.3	+ 1.4	6,039
Petroleum.....	13	83	83	77	+ 3.6	- 2.2	3,344
Tobacco and its products.....	127	126	124	113	+ 1.0	+ 0.3	8,240
Leather and shoe findings.....	11	40	41	30	- 6.0	+ 0.4	452
Miscellaneous.....	48	96	96	99	+ 8.8	+ 1.0	5,639
Total.....	2,541	73	72	68	+ 2.6	+ 3.4	213,630

\*Collection percentages are obtained by dividing the collections by accounts receivable for an identical group of firms.

\*\*This heading also includes distributors of mill, mine and steam supplies.

# WHOLESALESAERS' sales and inventories, by geographic regions, March 1939

Kind of Business and Region	March Dollar Sales				Sales For 3 Mos. 1939			End of Month Inventories (Cost)				Stock-Sales Ratios <sup>†</sup>		
	Number of firms reporting sales	Percent change Mar. 1939 from		Mar. 1939 (000's)	Number of firms reporting sales	Percent change from 3 Mos. '38	First 3 Mos. 1939 (000's)	Number of firms reporting stocks	Percent change Mar. 1939 from		Mar. 31, 1939 (000's)	Mar. 1939		
		Mar. 1938	Feb. 1939						Mar. 1938	Feb. 1939		Mar. 1938	Mar. 1938	Feb. 1939
New England.....	182	+ 5.1	+12.8	\$10,678	98	+ 7.7	\$21,149	100	- 2.6	+ 0.7	\$3,201	138	151	154
Electrical goods.....	33	+ 6.5	+ 5.8	948	27	+ 9.8	2,629	27	+ 3.5	+ 5.9	1,514	167	173	167
Groceries and foods, except farm products.....	36	- 1.7	+ 9.1	1,964	23	+ 2.3	4,911	20	- 9.8	+ 3.6	1,027	160	174	177
Industrial supplies.....	17	+22.7	+10.5	367	11	+26.7	712	12	- 6.6	+ 4.1	387	315	399	329
Plumbing and heating supplies.....	11	+17.5	+43.4	195	—	—	—	5	-11.1	+ 2.8	328	258	369	380
Tobacco and its products.....	19	+ 0.1	+12.1	1,840	4	+10.4	659	4	- 5.2	-12.7	165	58	67	74
Middle Atlantic.....	679	+ 7.3	+18.1	50,678	487	+ 5.3	124,240	378	- 5.9	+ 1.0	35,862	137	152	163
Automotive supplies.....	35	+ 2.8	+24.7	738	16	+ 6.4	1,075	16	-23.1	+ 8.4	973	209	279	297
Clothing and furnishings, except shoes.....	21	+ 5.8	+32.8	1,868	7	+ 5.9	3,192	9	- 4.0	+ 6.1	433	154	169	225
Shoes and other footwear.....	11	+ 2.9	+36.3	1,082	10	+22.3	2,279	5	+16.6	- 5.9	1,582	191	176	281
Drugs and drug sundries.....	12	+ 5.9	+ 8.2	2,221	10	+ 8.7	6,510	9	- 0.4	- 2.0	1,452	140	152	162
Dry goods.....	47	+15.3	+23.7	3,435	29	+15.6	7,624	26	- 4.0	+ 0.9	3,769	209	239	255
Electrical goods.....	72	+ 7.8	+26.8	3,233	64	+ 4.4	7,257	60	- 2.5	+12.6	3,846	127	140	143
Farm products (consumer goods).....	17	+ 7.1	+ 8.0	1,002	—	—	—	9	+28.4	+ 7.5	86	32	27	34
Furniture and house furnishings.....	14	+11.6	+34.6	681	6	+13.2	1,032	8	+10.1	+ 0.5	892	190	209	260
Groceries and foods, except farm products.....	116	+ 0.1	+13.2	9,432	92	- 1.6	24,109	45	- 4.8	+ 4.3	4,218	139	143	152
Meats and meat products.....	22	+24.6	+ 5.8	4,379	6	+23.0	10,756	16	+ 3.1	+ 2.8	333	30	36	34
General hardware.....	35	- 0.4	+11.5	2,104	30	+ 2.9	4,779	17	- 5.6	+ 1.3	3,151	313	323	425
Industrial supplies.....	38	+15.0	+23.0	1,145	35	+ 7.6	2,886	25	- 5.4	+ 1.2	1,655	201	257	239
Plumbing and heating supplies.....	54	+ 6.4	+28.9	1,074	41	+ 4.8	2,062	36	-12.0	- 2.8	1,307	177	224	236
Jewelry and optical goods.....	20	+50.9	+42.3	575	15	+40.6	1,095	10	- 9.5	+10.7	1,422	381	636	483
Lumber and building materials.....	10	- 5.1	+43.3	629	9	+ 6.7	1,425	4	+ 3.0	+ 2.5	452	114	105	166
Machinery, equipment and supplies, except electrical.....	11	- 4.3	+68.8	243	—	—	—	7	- 1.4	- 1.4	214	165	185	195
Paper and its products.....	34	+ 8.9	+22.8	2,084	17	+ 9.0	3,862	14	+ 4.9	+ 5.1	1,229	112	112	132
Tobacco and its products.....	49	- 1.8	+17.3	5,116	45	- 4.2	12,983	26	-15.8	+ 4.3	2,135	53	61	59
East North Central.....	584	+ 5.8	+19.7	37,399	436	+ 5.2	88,063	351	- 7.1	0.0	42,170	172	197	210
Automotive supplies.....	50	+13.1	+18.6	656	38	+11.6	1,507	28	- 2.4	+ 2.3	1,091	276	325	318
Paints and varnishes.....	13	- 5.8	+77.3	211	8	- 1.0	201	5	-11.9	- 5.1	244	198	211	357
Clothing and furnishings, except shoes.....	11	+ 5.4	+61.0	471	5	+ 5.9	751	8	-13.3	+ 2.5	657	181	212	280
Drugs and drug sundries.....	13	+13.9	+12.8	1,301	12	+10.4	3,568	6	- 3.7	+ 4.8	1,128	179	228	209
Dry goods.....	10	+ 7.2	+30.0	883	6	+ 4.6	2,148	8	- 1.6	- 0.6	2,105	247	269	323
Electrical goods.....	65	+ 7.7	+17.4	5,086	54	+ 6.3	11,644	56	- 8.5	- 0.8	4,654	118	141	139
Farm products (consumer goods).....	21	- 0.7	+27.5	663	12	- 1.0	686	13	+ 2.6	- 2.5	158	50	50	65
Groceries and foods, except farm products.....	125	+ 0.5	+ 7.7	9,819	91	- 0.8	24,429	66	- 6.0	0.0	8,223	145	156	167
Meats and meat products.....	14	- 1.6	+15.6	1,109	6	+ 2.3	2,526	13	- 7.0	+ 1.3	465	42	45	45
General hardware.....	23	- 0.7	+30.5	4,093	20	+ 3.0	8,619	18	- 7.1	+ 1.5	11,686	302	323	386
Industrial supplies.....	27	+22.5	+28.9	1,292	25	+15.9	3,195	16	-13.9	+ 0.8	2,334	231	338	303
Plumbing and heating supplies.....	24	+ 8.1	+28.8	854	15	+10.7	1,867	14	+ 0.3	+ 0.8	1,436	309	313	384
Jewelry and optical goods.....	18	+31.0	+30.1	556	14	+33.0	943	9	-22.7	- 5.3	843	249	396	405
Machinery, equipment and supplies, except electrical.....	12	+ 6.2	+19.6	324	6	- 2.0	599	8	+ 0.4	- 3.0	224	144	151	183
Surgical equipment and supplies.....	10	+12.1	+10.0	297	7	+13.9	764	5	+ 5.3	0.0	238	104	111	116
Metals.....	12	+10.0	+26.0	921	11	+20.8	2,235	8	-12.9	+ 0.9	1,617	271	361	356
Paper and its products.....	23	+ 3.4	+13.3	1,344	17	+ 5.1	3,428	12	- 2.0	+ 2.9	916	150	161	156
Tobacco and its products.....	53	+ 5.9	+15.5	3,512	50	+ 6.1	9,534	21	+ 0.5	- 6.1	846	48	50	59
West North Central.....	344	- 0.2	+20.9	31,770	286	+ 0.6	74,683	237	- 9.3	- 0.1	40,135	181	194	216
Automotive supplies.....	21	0.0	+19.5	367	14	+ 4.6	825	10	- 9.3	- 2.0	585	311	319	364
Drugs and drug sundries.....	9	+ 7.0	+19.9	1,396	9	+ 4.0	3,843	8	+ 0.5	- 0.1	1,871	180	191	216
Dry goods.....	11	+ 2.0	+11.4	3,391	11	+ 3.4	4,910	—	—	—	—	—	—	—
Electrical goods.....	41	- 5.1	+ 8.1	1,987	39	+ 7.4	5,451	37	- 7.6	+ 8.6	2,439	127	129	126
Farm products (consumer goods).....	12	- 7.3	+26.8	331	6	- 1.1	1,126	9	- 1.6	- 4.6	124	48	45	63
Furniture and house furnishings.....	10	+11.8	+41.7	1,182	8	+14.9	2,457	8	-17.1	+ 3.2	2,383	207	279	285
Groceries and foods, except farm products.....	103	- 1.8	+19.1	6,090	92	- 0.6	13,399	72	- 7.5	- 0.7	8,390	173	184	211
General hardware.....	15	+ 1.3	+32.9	3,604	15	+ 5.4	8,920	14	- 3.2	+ 2.3	8,786	254	264	327
Industrial supplies.....	14	+ 3.1	+17.5	429	13	+15.0	1,020	8	- 6.9	+ 3.9	607	206	220	235
Tobacco and its products.....	17	+ 7.0	+ 6.3	1,188	12	+ 3.9	1,476	10	+ 5.6	- 1.1	730	81	85	86
South Atlantic.....	364	+ 8.6	+18.6	18,821	289	+12.4	46,028	185	- 3.1	+ 0.6	17,631	151	172	178
Automotive supplies.....	14	+33.9	+ 5.0	253	4	+31.2	482	7	+ 3.4	0.0	151	194	275	232
Drugs and drug sundries.....	15	+ 7.4	+ 5.5	1,261	15	+ 7.9	3,750	8	- 2.5	+ 0.3	1,539	203	224	207
Dry goods.....	13	+ 3.7	+15.9	590	11	+ 1.4	2,290	7	-17.2	- 1.9	1,088	259	327	297
Electrical goods.....	50	+34.3	+12.8	2,325	44	+36.4	6,063	41	- 6.2	+12.1	2,588	120	173	119
Farm products (consumer goods).....	19	+10.1	+27.2	590	8	- 3.5	919	9	+ 8.6	+ 1.1	88	33	32	41
Groceries and foods, except farm products.....	120	0.0	+18.8	5,252	101	- 2.4	12,716	51	- 1.1	+ 4.0	3,560	142	144	163
General hardware.....	26	+ 4.5	+23.8	1,458	24	+ 1.0	3,951	16	- 1.8	- 1.4	3,002	334	349	423
Industrial supplies.....	16	+14.0	+14.6	407	14	+19.7	1,014	9	- 2.7	- 1.5	676	216	259	247
Plumbing and heating supplies.....	20	+20.4	+37.6	666	17	+16.2	1,519	6	+ 5.4	+ 2.2	826	170	195	228
Paper and its products.....	11	+ 5.6	+ 9.0	436	8	+ 7.6	1,123	6	-14.5	- 0.2	425	186	232	210
Tobacco and its products.....	14	+12.3	+20.5	947	13	+ 8.5	2,539	—	—	—	—	—	—	—
East South Central.....	159	+ 9.8	+25.3	8,663	126	+ 5.7	20,673	88	- 5.9	- 1.2	9,886	184	217	234
Dry goods.....	14	+ 6.9	+34.3	917	11	+ 2.1	2,229	8	- 6.6	- 2.3	1,455	212	242	292
Electrical goods.....	17	+42.9	+ 0.8	770	11	+31.4	1,713	11	- 3.2	- 3.2	1,487	85	146	97
Groceries and foods, except farm products.....	47	+ 4.6	+22.0	2,228	37	+ 0.2	5,494	20	-11.9	- 1.8	1,473	145	168	174
General hardware.....	18	+ 8.9	+34.9	2,094	17	+ 5.1	5,231	13	- 6.8	- 0.1	3,717	257	294	339
Industrial supplies.....	10	+12.7	+21.6	263	8	+12.4	678	4	- 7.4	- 0.8	251	254	295	337
West South Central.....	267	+ 0.2	+15.8	15,818	216	0.0	39,361	183	- 2.5</					



# WHOLESALESAERS' accounts receivable and collections, by geographic regions, March 1939

Kind of Business and Region	Number of firms reporting	Collection Percentages*			Total Accounts Receivable		
		Mar. 1939	Mar. 1938	Feb. 1939	Percent change March 1, 1939 from		As of Mar. 1, 1939 (000's)
					Mar. 1, 1938	Feb. 1, 1939	
New England.....	156	69	66	63	0.0	-3.1	\$12,977
Electrical goods.....	31	70	70	69	-2.0	-0.8	1,275
Groceries and foods, except farm products.....	30	75	73	69	-3.9	-4.0	2,349
Industrial supplies**.....	14	63	58	59	+14.8	-1.2	451
Plumbing and heating supplies.....	10	40	40	36	+0.4	-3.2	334
Tobacco and its products.....	12	121	115	104	-1.4	-0.6	1,120
Middle Atlantic.....	573	81	79	76	+3.9	+2.7	48,427
Automotive supplies.....	29	54	44	46	-1.7	-3.7	860
Clothing and furnishings, except shoes.....	19	54	42	42	-14.8	+20.6	2,414
Shoes and other footwear.....	11	37	34	32	+15.3	+19.9	1,904
Drugs and drug sundries.....	10	67	65	64	+4.1	-3.7	2,239
Dry goods.....	39	56	51	48	+5.2	-0.7	4,525
Electrical goods.....	67	82	80	77	+4.6	+3.0	3,442
Farm products (consumer goods).....	13	171	185	177	-3.4	+1.7	532
Furniture and house furnishings.....	10	55	58	49	+13.2	+5.9	875
Groceries and foods, except farm products.....	87	95	96	87	-0.4	+0.1	6,866
Meats and meat products.....	18	164	152	159	+9.6	-2.1	2,474
General hardware.....	31	42	41	40	+1.0	+7.7	3,202
Heavy hardware.....	7	61	56	55	-2.5	+5.4	465
Industrial supplies**.....	35	62	60	57	+6.8	+3.3	1,492
Plumbing and heating supplies.....	51	46	46	43	+4.5	-1.3	1,874
Jewelry and optical goods.....	15	27	23	24	-4.4	-1.2	735
Lumber and building materials.....	10	63	61	55	+2.4	-0.8	768
Machinery, equipment and supplies, except electrical.....	10	74	73	54	-39.0	+8.2	225
Paper and its products.....	26	60	64	59	+7.6	+5.2	2,316
Tobacco and its products.....	37	143	144	129	-1.6	+2.6	3,101
East North Central.....	492	72	69	67	-1.4	+1.1	39,672
Automotive supplies.....	44	63	56	60	+3.1	+1.7	639
Paints and varnishes.....	12	15	19	15	+7.4	+2.9	467
Clothing and furnishings, except shoes.....	10	71	63	62	-4.7	+33.1	471
Drugs and drug sundries.....	12	75	69	68	+6.9	-3.2	1,464
Dry goods.....	10	46	43	43	-4.3	-1.9	1,614
Electrical goods.....	64	69	66	64	-6.3	+0.6	6,372
Farm products (consumer goods).....	17	89	82	80	-0.0	+10.0	430
Groceries and foods, except farm products.....	93	101	95	91	-3.1	+0.5	7,446
Meats and meat products.....	11	163	164	159	-2.8	+1.0	530
General hardware.....	22	48	47	46	-4.4	+3.0	6,437
Industrial supplies**.....	27	67	66	62	+7.6	-4.0	1,578
Plumbing and heating supplies.....	21	55	56	52	+3.8	+1.9	1,241
Jewelry and optical goods.....	16	25	21	23	-0.1	+1.1	1,468
Lumber and building materials.....	8	50	55	51	+16.8	+9.9	500
Machinery, equipment and supplies, except electrical.....	11	68	61	63	-16.4	+3.3	311
Surgical equipment and supplies.....	8	63	64	57	+15.5	+3.9	402
Metals.....	11	84	80	80	-15.6	+1.0	832
Paper and its products.....	21	70	75	68	+8.2	-0.1	1,741
Tobacco and its products.....	33	118	116	109	+1.5	-0.1	1,776
West North Central.....	296	67	70	67	+8.1	+13.0	39,270
Automotive supplies.....	16	54	58	50	+10.6	+2.3	439
Clothing and furnishings, except shoes.....	8	39	39	33	-7.7	+26.4	311
Drugs and drug sundries.....	8	87	87	79	+3.4	-0.6	1,126
Dry goods.....	11	46	44	43	+0.5	+1.8	6,915
Electrical goods.....	39	60	65	64	+3.9	+10.7	2,978
Farm products (consumer goods).....	9	170	169	161	+2.3	+14.8	132
Furniture and house furnishings.....	10	55	58	53	+18.6	+6.3	1,692
Groceries and foods, except farm products.....	82	118	115	103	-4.3	+1.3	4,029
Meats and meat products.....	8	113	217	191	+111.5	+77.5	4,424
General hardware.....	15	46	48	42	-0.1	+10.9	5,900
Industrial supplies**.....	12	53	58	48	+38.9	+4.7	553
Plumbing and heating supplies.....	8	51	49	48	+2.0	+2.3	311
Jewelry and optical goods.....	7	36	32	36	-4.1	+1.4	211
Machinery, equipment and supplies, except electrical.....	7	58	55	51	+8.9	-1.3	232
Tobacco and its products.....	8	136	114	128	+3.4	-1.8	431
South Atlantic.....	285	70	70	64	+7.6	+2.7	17,559
Automotive supplies.....	11	67	52	61	+17.1	+6.9	294
Drugs and drug sundries.....	12	93	91	90	+7.6	-4.6	1,035
Dry goods.....	9	43	41	40	-3.6	-0.2	1,409
Electrical goods.....	44	74	79	70	+38.6	+10.5	2,674
Farm products (consumer goods).....	17	137	136	124	+5.6	+5.6	283
Groceries and foods, except farm products.....	82	99	103	92	+0.6	+3.1	3,207
General hardware.....	26	45	43	40	-1.3	-0.4	2,935
Industrial supplies**.....	12	57	60	59	+17.3	+0.9	548
Plumbing and heating supplies.....	20	55	54	50	+15.3	+3.8	1,004
Machinery, equipment and supplies, except electrical.....	7	53	55	47	+7.9	-5.1	424
Paper and its products.....	9	59	58	56	+12.9	+4.8	541
Tobacco and its products.....	9	89	88	77	+7.0	-0.4	519
East South Central.....	125	60	60	54	+4.1	+2.4	9,763
Dry goods.....	13	41	38	34	-1.5	+1.8	1,839
Electrical goods.....	13	62	63	61	+60.4	+12.5	773
Groceries and foods, except farm products.....	31	103	105	92	-2.7	+0.7	1,245
General hardware.....	15	45	45	44	+2.0	+3.3	2,824
Industrial supplies**.....	9	66	63	57	+6.0	-5.2	405
West South Central.....	233	70	70	64	+1.6	+2.1	16,447
Drugs and drug sundries.....	8	72	69	68	-2.7	-4.9	1,321
Dry goods.....	12	38	37	33	-2.5	+2.4	3,376
Electrical goods.....	24	79	78	66	-11.5	+6.3	624
Groceries and foods, except farm products.....	122	96	99	88	-1.1	+3.4	6,274
General hardware.....	16	57	58	61	+3.6	-1.2	1,709
Tobacco and its products.....	7	86	81	83	-2.1	-1.6	184
Mountain.....	104	73	73	69	-0.1	+2.5	5,997
Electrical goods.....	14	70	64	62	+30.4	+12.8	643
Farm products (consumer goods).....	9	100	110	102	-10.2	+8.8	273
Groceries and foods, except farm products.....	33	95	93	87	-9.8	-1.9	1,749
Pacific.....	279	80	79	73	0.0	-0.2	23,518
Automotive supplies.....	49	82	72	75	-5.3	-6.1	734
Shoes and other footwear.....	7	31	34	27	+7.8	+3.2	385
Dry goods.....	13	61	56	55	+4.0	+1.3	1,146
Electrical goods.....	26	75	73	71	-2.4	+3.9	2,926
Farm products (consumer goods).....	13	146	140	120	+15.1	+1.4	641
Furniture and house furnishings.....	7	59	58	56	-0.1	-0.0	771
Groceries and foods, except farm products.....	39	114	117	101	-6.3	-5.0	5,354
Meats and meat products.....	8	217	216	200	+16.8	-1.1	458
Wines and spirituous liquors.....	8	102	105	77	-2.2	-12.2	542
General hardware.....	14	49	48	48	-0.7	+3.3	4,240
Industrial supplies**.....	9	82	57	55	+17.7	+2.6	273
Plumbing and heating supplies.....	13	64	59	58	+9.2	+4.3	901
Lumber and building materials.....	10	55	56	50	+13.4	+7.4	450
Machinery, equipment and supplies, except electrical.....	10	45	46	38	+3.5	+2.8	294
Paper and its products.....	7	56	55	51	-2.8	-12.0	243
Tobacco and its products.....	17	112	116	102	+11.4	-0.5	959

\*Collection percentages are obtained by dividing the collections by accounts receivable for an identical group of firms.

\*\*This heading also includes distributors of mill, mine and steam supplies.

STATES COMPRISING REGIONS: New England—(Conn., Me., Mass., N. H., R. I., Vt.); Middle Atlantic—(N. J., N. Y., Pa.); East North Central—(Ill., Ind., Mich., Ohio, Wisc.); West North Central—(Iowa, Kans., Minn., Mo., Nebr., N. Dak., S. Dak.); South Atlantic—(Del., D. C., Fla., Ga., Md., N. Car., S. Car., Va., W. Va.); East South Central—(Ala., Ky., Miss., Tenn.); West South Central—(Ark., La., Okla., Texas); Mountain—(Aris., Colo., Idaho, Mont., Nev., N. Mex., Utah, Wyo.); Pacific—(Cal., Ore., Wash.).